SUPREME COURT, U. S.

FILED

AUG 14 1968

JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, 1968

No. 406

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.), and DRESSER INDUSTRIES, INC.,

Respondents.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

DRESSER INDUSTRIES, INC.,

Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

R. WELTON WHANN,
315 West Ninth Street,
Los Angeles, Calif. 90015,
Attorney for Petitioners.

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

SUBJECT INDEX

	Page
Opinions Below	1
Jurisdiction	2
Questions Presented	2
Constitutional Provisions and Statutes Involved	3
Statement of Case	3
Reasons Why Writ Should Be Granted	9
Question I	9
Question II	10
A. The "Prior Art" Issue	12
B. The "Equivalents" Issue	17
Question III	19
Appendix. Opinion of the United States Court of Appeals for the Tenth Circuit	App. p. 1
Judgment	23

TABLE OF AUTHORITIES CITED

Cases — Page

Automatic Paper Machinery Co. v. Marcalus Mfg. Co., 147 F. 2d 608, aff'd Scott Paper Co. v. Marcalus Mfg. Co., 326 U.S. 249, 66 S. Ct. 101, 90 L. Ed. 47 15

Brulotte v. Thys Co., 379 U.S. 29, 13 L. Ed. 2d 99, 85 S. Ct. 176 15

Casco Products Corp. v. Sinko Tool & Mfg. Co., 116 F. 2d 119 ..... 15, 16

Cee-Bee Chemical Co., Inc. v. Delco Chemicals, Inc., 263 F. 2d 150 9

E-I-M Company v. Philadelphia Gear Works, 223 F. 2d 36 ..... 14, 15, 18

Frederick Hart & Co. v. Recordgraph Corporation, 169 F. 2d 580 8

General Mfg. Corp. v. Gray, 48 F. 2d 602 15

Graham, et al. v. John Deere Co. of Kansas City, et al., 383 U.S. 1, 15 L. Ed. 2d 545 7

Graver Mfg. Co. v. Linde Co., 339 U.S. 605 ..... 7, 18

Hartford-Empire Co. v. Obear-Nester Glass Co., 95 F. 2d 414 11

Hazeltine Research, Inc. v. General Electric Co., 183 F. 2d 3 9

John W. Gottschalk Mfg. Co. v. Springfield Wire & T. Co., 90 F. 2d 468 13

Mercoid Corporation v. Mid-Continent Co., 320 U.S. 661 15

Moist Cold Refrigerator Co. v. Lou Johnson Co., 249 F. 2d 249 7

Patton v. Stone, 178 F. 2d 515 ..... 11, 13, 18

Page

Ransburg Electro-Coating Corp. v. Ionic Corp., ... F. 2d ....., 157 U.S.P.Q. 662 ..... 13, 16

Roberts v. Anderson, 66 F. 2d 874 9

Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co., 196 F. 2d 103 15

Union Carbide v. Graver Tank, 282 F. 2d 653 16

United States Rubber Co. v. General Tire & Rubber Co., 128 F. 2d 104 13

Wadsworth Elec. Mfg. Co. v. Westinghouse E. & Mfg. Co., 71 F. 2d 850 17

Westinghouse Electric & Mfg. Co. v. Formica Insulation Co., 266 U.S. 342, 45 S. Ct. 117, 69 L. Ed. 316 14

Windsor v. McVeigh, 93 U.S. 274, 24 L. Ed. 914 ..3, 9

Rules

Federal Rules of Civil Procedure, Rule 56 .....3, 9, 18

Statutes

United States Code, Title 28, Sec. 1254(1) 2

United States Code, Title 35, Sec. 102 12

United States Code, Title 35, Sec. 103 12

United States Code, Title 35, Sec. 283 .....2, 3, 12, 15

United States Constitution, Fifth Amendment 2, 3, 9, 20

Textbooks

12 Corpus Juris, Sec. 997, p. 1220 9

12 Corpus Juris, Sec. 1009, p. 1234 10

IN THE

Supreme Court of the United States

October Term, 1968
No. .....

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.), and DRESSER INDUSTRIES, INC.,
Respondents.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

DRESSER INDUSTRIES, INC.,
Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Tenth Circuit.

McCullough Tool Company, Petitioner herein, prays that a Writ of Certiorari issue to review the Judgment of the United States Court of Appeals for the Tenth Circuit entered in the above-entitled cases on May 16, 1968.

OPINIONS BELOW.

This Petition seeks a review of the Judgment of the Court of Appeals for the Tenth Circuit (Appendix, p. 1), which affirms the Judgment of the United States District Court for the Northern District of Oklahoma (Appendix, p. 23).

JURISDICTION.

The Judgment petitioned from was entered May 16, 1968, and this Petition is being filed within the time limit.

Jurisdiction of the Court is invoked under 28 U.S.C. 1254(1).

QUESTIONS PRESENTED.

1. Was the Trial Court's refusal to permit Petitioner to have a hearing to present evidence on its defenses in opposition to Respondents' Order to Show Cause in Civil Action No. 4271 and in support of Petitioner's action for Summary Judgment of non-infringement in Civil Action No. 6467, a denial of due process of law under the Fifth Amendment to the Constitution of the United States?

2. Where an unsuccessful and enjoined defendant in a patent infringement suit modifies the device found to infringe, in a manner which, in its counsel's opinion does not transgress the injunction, is such defendant, in a subsequent contempt proceeding or action for summary judgment of non-infringement, properly denied the right to introduce evidence and to be heard on the factual questions of whether:

a. In view of the prior art the modified device can legitimately fall within the scope of any of the patent claims and hence of any injunction authorized by 35 U.S.C. 283;

b. In view of the Patent Office prosecution history of the patent in suit the modified device can legitimately fall within the scope of any of the patent claims and hence of any injunction authorized by 35 U.S.C. 283;

c. The modified device is a mere aggregation and not a patentable combination and hence not within the legitimate scope of any of the patent claims or any injunction authorized by 35 U.S.C. 283;

d. The modified device is not the equivalent of the device found to infringe or any device described in the patent and hence not within the scope of the injunction.

3. Was the Trial Court's granting of a Motion for Summary Judgment contrary to the Federal Rules of Civil Procedure Rule 56, in view of the substantial issues of material facts, error which denied Petitioner its constitutional rights to present its defensive facts at a hearing?

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

This Petition for Certiorari involves primarily Amendment 5 to the Constitution of the United States, which provides that "no person shall * * * be deprived of life, liberty, or property, without due process of law; * * *"

Also see *Windsor v. McVeigh*, 93 U.S. 274, 24 L. Ed. 914.

STATEMENT OF CASE.

In 1963, Petitioner McCullough Tool Company, subsequent to the Trial Court's decision of validity and infringement in Civil Action No. 4271, and following advice of counsel (R. 4146-4147)[1] modified its structure

[1]Record referred to is Record on Appeal to Court of Appeals for the Tenth Circuit.

to avoid infringement of the Swift patent, which structure is shown and described in the Stroud Affidavit (R. 4148).

On June 14, 1966 (R. 4608), Petitioner McCullough Tool Company filed an action for declaratory judgment, Civil Action No. 6467, asking the District Court to make a determination that the new McCullough structure does not infringe the Swift patent.

Following remand of Civil Action No. 4271, the Issuance of an Injunction was argued on June 15, 1966, and the Judge of the District Court for the Northern District of Oklahoma signed an Injunction (R. 4178).

On August 4, 1966, Respondents filed a Motion (R. 4182) asking the Trial Court to issue a citation for contempt against Petitioner by reason of its use of the new McCullough structure.

Petitioner opposed this Motion (R. 4235) and moved that it be dismissed. Petitioner requested that if its Motion be denied a hearing be set to give Petitioner the opportunity to present its evidence to the Court (R. 4235-4236).

On August 4, 1966, Respondents filed a Motion to Dismiss the Declaratory Judgment Action, Civil Action No. 6467 (R. 4622), which Motion was opposed by Petitioner (R. 4637).

On November 29, 1966, a Pre-Trial Hearing was had and this Pre-Trial Hearing was reported and appears at R. 4765-4947.

On this date Civil Actions Nos. 4271 and 6467 were consolidated for Pre-Trial and Trial (R. 4836) and Petitioner was ordered to show cause why it should not

be held in contempt (R. 4946). The Trial thereon was set for January 9, 1967 (R. 4902). At the Pre-Trial Hearing of November 29, 1966 (R. 4765-4947) it was agreed and ordered by the Trial Court that Petitioner could present evidence of non-infringement, evidence to determine the scope of the Swift claims, and evidence of misuse of Swift and Fearon after March 16, 1961, including depositions to be taken (R. 4777, 4813, 4818, 4836, 4897, 4898, 4899, 4904 and 4907).

On December 21, 1966, Respondents filed a Motion for Summary Order (R. 4675) to hold Petitioner in contempt of Court for violation of the Injunction entered June 15, 1966, and for an order precluding McCullough Tool Company from introducing any evidence in defense of its position.

On December 28, 1966, Petitioner filed its Response of McCullough Tool Company to Order to Show Cause why it Should not be Held in Contempt (R. 4589-4591). In this paper Petitioner presented five grounds on which it intended to present evidence at the hearing which had been scheduled for January 9, 1967.

When it appeared that neither party could meet the Pre-Trial schedule set on November 29, 1966, or be ready for Trial on January 12, 1967, Petitioner made a Motion (R. 4682) to strike these causes from the trial calendar and reset such trial at a date subsequent to March 1, 1967. The Motion was based on the ground that the causes were not ready for trial, could not be ready for trial at the date assigned, that witnesses necessary to the trial could not attend, and new discovery commenced at a then recent date could not be completed and executed within the time remaining for the purpose (R. 4682).

The Court ordered the cause striken from the trial calendar (R. 4701), stating: "It appearing that pending discovery and trial preparations cannot reasonably be completed within the times allowed for the same, and that a further pre-trial conference is desirable therein * * *", and the Court thereupon ordered the Motion granted.

A further Pre-Trial was ordered and had on January 12, 1967, which appears at R. 4948-4992.

On this date, January 12, 1967, Petitioner was not permitted to present any evidence. The Court announced that it was going to rule on the matters before it without trial.

The issues of fact which were raised in Petitioner's response to Order to Show Cause (R. 4589), in Petitioner's Complaint for declaratory relief in Civil Action 6467 (R. 4608-4612), in Respondents' answer and counterclaim (R. 4640-4648), in Petitioner's reply to counterclaim (R. 4649-4653), and factual issues, which were set up for trial during the Pre-Trial Hearing on November 29, 1966, and which are: (a) Whether or not the claims of the Swift patent can be construed broad enough to cover the new McCullough structure; (b) The content and effect of the prior art on determining whether or not the claims are of sufficient scope to be infringed by the new McCullough structure; (c) The difference in mode of operation of the device of the patent in suit and the new McCullough structure; (d) Non-equivalency of elements and combinations of parts in McCullough's new structure, as compared to the structure of the patent in suit; and (e) Misuse of the Swift patent after the decision of March 16, 1961.

Evidence of the content and scope of the prior art and the differences between the claims in issue and the patented structure and the prior art are questions of fact. See *Graham, et al. v. John Deere Co. of Kansas City, et al.*, 383 U.S. 1, 15, 16, 15 L. Ed. 2d 545.

Where facts as to infringement are in dispute, infrigement is a *question of fact.* Whether Petitioner's new structure is a different thing from the patented structure is a question of fact. See *Moist Cold Refrigerator Co. v. Lou Johnson Co.* (C.A. 9, 1957), 249 F. 2d 249.

The question of equivalency is a question of fact. See *Graver Mfg. Co. v. Linde Co.*, 339 U.S. 605, 609, 610.

The Trial Court's summary disposition of the matters previously set for trial deprived Petitioner of the right to introduce evidence to establish the five points contained in its Response to Order to Show Cause Why it Should not be Held in Contempt of Court; and more particularly, Petitioner was prevented from introducing evidence as to the prior art, evidence of the effect of the prior art on the interpretation of the claims as to whether or not the new McCullough structure infringed the Swift patent, and was prevented from presenting evidence of misuse of the Swift and Fearon patents since the decision of March 16, 1961.

No affidavits were submitted by Petitioner either in connection with Respondents' Motion for Order holding McCullough in Contempt of Court or in the declaratory judgment action with respect to the facts of the prior art, its effect on the scope of the Swift claims, nor on any of the factual issues.

However, even though affidavits had been filed, they can be considered in summary judgment matters only for the purpose of determining whether an issue of fact is presented but not as the basis of deciding the issue of fact. See *Frederick Hart & Co. v. Recordgraph Corporation* (C.A. 3, 1948) 169 F. 2d 580.

The Court granted Respondents' Motion for Summary Judgment in Contempt of Court by infringement of the Swift patent, notwithstanding the genuine issues of material facts. The Trial Court stated:

> "The Court finds that there is no genuine issue of material fact and that plaintiff is entitled to a judgment as a matter of law.
>
> "So, in the disposition of this matter by the motions, the Court will, in Civil Action No. 4271, Well Surveys versus McCullough; the motion for order citing McCullough for contempt is sustained. The motion for summary judgment is sustained. * * *" (R. 4953, line 25, R. 4954, lines 1-7).

Furthermore, the Court made no ruling whatsoever on the defense of misuse to the citation for contempt and as a defense of unenforceability of the patent in the declaratory judgment action.

Record 4950-4954 shows that the Court made no reference to any defense relied on by Petitioner, except non-infringement as viewed by the Court, without reference to the prior art, the scope of the claims as interpreted by the prior art, the different mode of operation, mechanical equivalency or misuse.

Respondents had theretofore presented authorities that summary judgment was proper in contempt proceedings (R. 4560); but even so, a Court cannot grant

summary judgment where there is even a single genuine issue of material fact.

See Federal Rules of Civil Procedure, Rule 56; *Hazeltine Research, Inc. v. General Electric Co.* (C.A. 7, 1950), 183 F. 2d 3; and *Cee-Bee Chemical Co., Inc. v. Delco-Chemicals, Inc.* (C.A. 9, 1958), 263 F. 2d 150.

REASONS WHY WRIT SHOULD BE GRANTED.

Question I.

The refusal of the Trial Court to give Petitioner the right to be heard and the Judgment of the Trial Court ordering that no further evidence be introduced on behalf of Petitioner (R. 4702) deprived Petitioner of its due process of law which requires that a party not only have notice of a hearing, but that he be afforded the opportunity to be heard. See the decision of the Tenth Circuit of *Roberts v. Anderson,* 66 F. 2d 874 at 876, and also *Windsor v. McVeigh,* 93 U.S. 274, 24 L. Ed. 914, cited with approval therein.

The Fifth Amendment of the Constitution of the United States provides that "no person shall * * * be deprived of life, liberty, or property without due process of law".

On the point of Civil Remedies under Due Process of Law, 12 Corpus Juris, Paragraph 997, page 1220 (Constitutional Law), states:

> "* * * These guaranties do require, however, that the substance of property rights be preserved, and that some adequate and appropriate remedy be afforded for their vindication. They require also that such remedy shall be by a regular and orderly mode of procedure in a court of competent jurisdiction, and that defendant shall have notice, and an opportunity to be heard in his defense. * * *"

This same Volume under Constitutional Law, Paragraph 1009, page 1234 states:

> "* * * Every man is entitled to his day in court before his rights can be finally disposed of, and he cannot be divested of this right by any act of the legislature. Due process of law requires an orderly proceeding adapted to the nature of the case, in which proceeding the citizen has a right and an opportunity to be heard and to defend, protect, and enforce his rights, by establishing any fact which, under the law, would be a protection to him or to his property. * * *"

Question II.

Following successful infringement litigation an enjoined defendant frequently adopts a modified device not adjudicated in the original proceedings. The question thus posed is whether the modified device is or legitimately can be within the scope of the original injunction.

Regardless of the procedural mechanism employed to raise the issue, i.e., contempt proceedings or a new infringement suit, the courts, until the present case, have been zealous to insure the enjoined defendant a full right to be heard where any possible question was presented as to infringement by the modified device. Necessarily so, since to hold otherwise would *a fortiori* result in a judicial extension of the patent to deter the marketing of devices outside the legitimate scope of the patent monopoly.

> "Further, if notwithstanding there is a real issue, it should be determined to try the matter out in the contempt proceeding, full opportunity

> ought to be given both the plaintiff and defendant to determine whether or not the device complained of in the contempt proceeding is in fact and law the equivalent of the adjudicated structure."
>
> *Patton v. Stone* (C.A. 5, 1949), 178 F. 2d 515, 518.

And, "'* * * If testimony and cross-examination are required to justify the issuing of supplementary injunction, there is small practical difference between [a contempt proceeding] and the institution of a new suit.'" *Hartford-Empire Co. v. Obear-Nester Glass Co.* (C.A. 8, 1938), 95 F. 2d 414, 423.

But, irrespective of which course is followed, the party charged with violating an injunction, or with infringement is entitled to present evidence on his own behalf.

In conflict with these principles, and with the fundamentals of substantive due process, including the right to be heard, which they guarantee, the Court below has affirmatively *denied* Petitioner the right to introduce evidence or to be heard on the determinative question of whether its modified device is or can be a violation of either the Swift patent, or of the injunction issuing out of the original infringement litigation. In flagrant disregard of the most elemental concepts of justice and fair play the Court below has endorsed the Trial Judge's conclusionary "finding" *in the absence of evidence* other than a drawing of the device itself and an affidavit showing the modification "* * * that the 'McCullough device is only a colorable variation of the Swift patent,' that the modified device 'does the same work in substantially the same way to accomplish sub-

stantially the same result as the Swift device' and that the 'modified apparatus comes within the scope of the claims in the Swift Patent.' * * *" (Appendix; pp. 5-6).

The Court below thus espoused the *refusal* of the Trial Court to permit Petitioner to introduce evidence to show the contrary—*including evidence to show that the modified device could not* fall within the valid scope of the Swift claims, and, hence, could not fall within any injunction authorized by 35 U.S.C. 283.

The importance of the questions presented by this Petition is thus apparent. Unless the Decision below is promptly disapproved, it will stand as dangerous precedent further confusing the law in the lower Tribunals as regards the procedures to be followed and the rights of defendants and the public after successful infringement litigation.

This fundamental issue appears in its major role when viewed in the context of the specific sub-questions inherent in it.

A. The "Prior Art" Issue.

The Court below completely ignored the fact that no injunction under 35 U.S.C. 283 can preclude the practice of the prior art (35 U.S.C. 102), or of that which is obvious in view of the prior art (35 U.S.C. 103), or of subject matter which is not otherwise within the legitimate scope of the patent monopoly.

The Court, in conflict with more recent and correctly reasoned precedent, found McCullough's claims that it should be allowed to introduce evidence upon the issues "(a) whether or not the claims of the Swift Patent

can be construed broad enough to cover the new McCullough structure;" and "(b) the content and effect of the prior art on determining whether or not the claims are of sufficient scope to be infringed by the new McCullough structure", to be "conclusively" answered by the alleged fact that "The validity of the Swift Patent and the scope of its claims, were conclusively determined as between the two parties in the instant suit in the original infringement suit. See Krentler-Arnold Hinge Last Co. v. Leman, 1 Cir., 90 F.2d 699. And Wadsworth Electric Mfg Co. v. Westinghouse Electric & Mfg. Co., supra. * * *"[2].

In *direct conflict* with the ruling below, and the precedent to the extent opposite on which it relies, the Court of Appeals for the Fourth Circuit, on April 11, 1968, in *Ransburg Electro-Coating Corp. v. Ionic Corp.*, ..., F. 2d ....., 157 U.S.P.Q. 662 held:

> "The defendant has appealed from an order holding it in contempt of an injunctive order entered in a patent case. The contempt finding is premised upon a finding that certain devices for use in electrostatic spray painting systems are the equivalent of certain other devices previously found to infringe the plaintiff's patents and that the sale and use of the new devices were proscribed by the terms of the injunction. In light of the prior art, which the patentee has no right to appropriate, we think the finding erroneous." (p. 663).

---

[2]To which may be added *John W. Gottschalk Mfg. Co. v. Springfield Wire & T. Co.* (C.A. 1, 1937), 90 F. 2d 468; *Patton v. Stone* (C.A., 5, 1949), 178 F. 2d 515, 517; and *United States Rubber Co. v. General Tire & Rubber Co.* (C.A. 6, 1942), 128 F. 2d 104.

"[1] Regardless of the answers to all of these questions arising out of an interpretation of the language of the injunction, consideration must be given to the prior art for it was never intended, of course, that the injunction should prohibit its practice." (p. 666).

"It is clear that the only active discharging electrode is the separate electrode connected to one side of the power source. It is the sole source of the negative ions effectively charging the particles of paint and moving them toward the work. While the head is the recipient of such ions by bombardment from the electrode just as the particles of paint are, it supplies none of itself." (p. 666).

"[2] It follows that Ransburg did not sustain the heavy burden placed upon it of showing that Ionic was in contempt of the court and in violation of its decree by producing and marketing the presently accused devices." (p. 666).

It seems quite clear that the Fourth Circuit is correct and that the Tenth Circuit is incorrect on this important issue.

This Court, without deviation, has emphasized that *whatever* the legal device employed, the monopoly of a patent is not to be extended to unpatented or unpatentable subject matter. See, in the field of licensee and assignee estoppel, the following cases:

E-I-M Company v. Philadelphia Gear Works (C.A. 5, 1955), 223 F. 2d 36;

Westinghouse Electric & Mfg. Co. v. Formica Insulation Co., 266 U.S. 342, 350-351, 45 S. Ct. 117, 69 L. Ed. 316;

Casco Products Corp. v. Sinko Tool & Mfg. Co. (C.A. 7), 116 F. 2d 119, 121;

Automatic Paper Machinery Co. v. Marcalus Mfg. Co. (C.A. 3), 147 F. 2d 608, 611, 613, affirmed *Scott Paper Co. v Marcalus Mfg. Co.*, 326 U.S. 249, 66 S. Ct. 101, 90 L. Ed. 47;

General Mfg. Corp. v. Gray (D.C. Okla.), 48 F. 2d 602;

Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co. (C.A. 7) 196 F. 2d 103.

Similarly, as to expired patents, see *Brulotte v. Thys Co.*, 379 U.S. 29, 13 L. Ed. 2d 99, 85 S. Ct. 176, and as to "Tying", see *Mercoid Corporation v. Mid-Continent Co.*, 320 U.S. 661.

Surely this universal principle applies with particular force to judicially created expansions by the mechanism of inappropriate injunctions.

In the context the need for review of the decision below is further emphasized by the opinion in *E-I-M, supra*. In that case, while limited evidence of the prior art was, in fact, received by the trial court, the Court of Appeals for the Fifth Circuit stated that the licensee and assignee estoppel cases cited *supra*, may be distinguished generally on the ground that they involved elements of estoppel against a party to dispute the validity of a particular patent arising from an assignment or licensee and in none of them had there already been a binding judicial determination, as here, of the validity of the particular patent involved.

This purported distinction, of course, overlooks not only the underlying premise of the estoppel cases, but also the fact that under 35 U.S.C. 283 "it was never

intended that the injunction should prohibit" the practice of the prior art. *Ransburg, supra.*

In *Union Carbide v. Graver Tank,* 282 F. 2d 653; 660, the Seventh Circuit stated:

> "'One may legitimately study the patent and miscroscopically examine the language of the claim in order to make a product which will serve the same purpose and yet avoid infringement of the patent. Such a right is the logical beneficial result which was sought through the adoption of the comprehensive patent system of our government.'
>
> "The boundaries of the monopoly which Union Carbide acquired by its patent were defined and limited by its claims. All outside that boundary was in the public domain. We think it does not detract from the good faith of a competitor for him to procure and examine a patent and its claims, as well as the subject matter thereof, in order to ascertain what is open to the public. Moreover, no inference of bad faith can be drawn from the fact that Lincoln procured an opinion from a competent patent counsel. If anything, it shows that Lincoln was making a good faith effort to avoid infringement. * * *"

Even in cases where a licensee is estopped from asserting invalidity, the licensee may, nevertheless, show non-infringement by referring to the prior art. In *Casco Products Corporation v. Sinko Tool & Mfg. Co.* (C.A. 7, 1940), 116 F. 2d 119, the Court at page 121, stated:

> "* * * defendant is not estopped to prove that its devices are built wholly according to the teaching of the prior art and that everything necessary to

their conception and construction was taught by such art, for such proof clearly negatives infringement. In other words if everything in defendant's construction was taught by the prior art and nothing included therein other than the application of such art, plus ordinary mechanical skill, *then the mere fact that the device constructed reads upon the claims of patents, the validity of which is estopped to deny, does not spell infringement.* Our conception of our obligation, therefore, is that we must examine the prior art not only to determine the scope of plaintiff's invention but also to determine whether what is built by defendant springs entirely therefrom. The defendant's position is that its devices intentionally follow its earlier patents and that those patents taught defendant everything necessary to the conception and construction of its devices." (emphasis added).

If this conflict is resolved, as it should be, and as the decisions of this Court demand, then the finding of contempt must be reversed.

Certiorari should be granted to resolve the conflict in the Circuits on the file wrapper estoppel issue.

B. The "Equivalents" Issue.

Many Courts have held that in proceedings for contempt for violation of an injunction against infringement:

"* * * the question is only whether the modified structure is equivalent to the original in relation to the patent in suit. * * *"

Wadsworth Elec. Mfg. Co. v. Westinghouse E. & Mfg. Co. (C.A. 6, 1934), 71 F. 2d 850, 851

See also *Patton v. Stone,* supra, and *E-I-M Company v. Philadelphia Gear Works,* supra.

The question of equivalency is a question of fact. See *Graver Mfg. Co. v. Linde Co.,* 339 U.S. 605, 609, 610:

> "A finding of equivalence is a determination of fact. Proof can be made in any form: through testimony of experts or others versed in the technology; by documents, including tests and treatises; and, of course, by the disclosures of the prior art. Like any other issue of fact, final determination requires a balancing of credibility, persuasiveness and weight of evidence. It is to be decided by the trial court and the court's decision, under general principles of appellate review, should not be disturbed unless clearly erroneous. * * *"

On this record the conclusion of the two lower courts that there was no genuine issue of material fact and, therefore, that W.S.I. was entitled to judgment as a matter of law cannot stand. Petitioner was foreclosed from introducing evidence to eliminate the factual question of equivalents which was and is a substantial issue for determination by the Court. The decision below is thus in direct derogation of Rule 56 and in direct conflict with precedent guaranteeing petitioner a "full opportunity * * * to determine whether or not the device complained of in the contempt proceeding is in fact and in law the equivalent of the adjudicated structure". *Patton v. Stone, supra,* and cases cited.

Question III.

Petitioner's Complaint for Declaratory Judgment in Civil Action 6467 was answered by Respondents filing an Answer and Counterclaim (R. 4640-4648) on December 9, 1966; and Petitioner replied to Counterclaim (R. 4649-4653) on December 19, 1966.

The Complaint asks for declaratory judgment that the new McCullough structure does not infringe the Swift patent. In answer to Respondents' Counterclaim Petitioner's reply pleads prior art (R. 4651) and in Paragraph E (R. 4652) alleges the prior art patents and prior uses limit and narrow the construction of the claims of the Swift patent so that they are not entitled to a range of equivalents broad enough to cover the new McCullough structure as shown in Exhibit A (R. 4612) attached to the Complaint.

Paragraph G (R. 4652) pleads file wrapper estoppel and Paragraph H (R. 4652) pleads unenforceability of the Swift patent because of its misuse against public policy and in violation of the anti-trust laws.

At the summary hearing on January 12, 1967, the Trial Court, after disposing of Respondents' Motion for citing Petitioner in contempt, dismissed Civil Action No. 6467 (R. 4954).

The Judgment (R. 4704) erroneously orders, adjudges and decrees that, there remaining no genuine issue of material fact to be tried in Case No. 6467, summary judgment be rendered for Respondents as a matter of law.

Because of the issues set forth in the Complaint, Answer and Counterclaim, and Reply to the Counterclaim, the Trial Court erred in concluding that there

were no genuine issues of material facts to be tried in Civil Action No. 6467.

Because there are many genuine issues of material facts to be tried, and particularly those set out in the Reply to Counterclaim, the Judgment of the Trial Court should be reversed and remanded with an order to set the declaratory action for trial.

Petitioner, by the Trial Court's dismissal without trial, was deprived of its right to introduce factual evidence and expert evidence to establish non-infringement.

Petitioner was deprived of its right to a full trial in the action for declaratory judgment, which was properly filed, followed by an Answer and Counterclaim, and Reply to Counterclaim, after which the trial date was set, but which was erroneously decided on a summary proceeding.

Petitioner was deprived of its due process of law under the Fifth Amendment as pointed out in detail and under the authorities set forth in a prior section.

Respectfully submitted,

R. WELTON WHANN,
Attorney for Petitioners.

Of Counsel:
EDWARD S. IRONS

Dated August 13, 1968.

APPENDIX.

Opinion of the United States Court of Appeals for the Tenth Circuit.

United States Court of Appeals, Tenth Circuit. March, 1968, Term.

Filed May 16, 1968.

McCullough Tool Company, Appellant, vs. Well Surveys, Inc. (now by change of name Dresser Sie, Inc.), and Dresser Industries, Inc. Appellees. Number 9426.

McCullough Tool Company, Appellant, vs. Dresser Industries, Inc. Appellee. Number 9427.

Appeals From the United States District Court for the Northern District of Oklahoma.

R. Welton Whann, Los Angeles, California, (Richard B. McDermott, Tulsa, Oklahoma, on the brief) for Appellant.

Robert K. Schumacher, Chicago, Illinois, and Rufus S. Day, Jr., Cleveland, Ohio, (Robert J. Woolsey, Tulsa, Oklahoma, on the brief) for Appellees.

Before MURRAH, Chief Judge, and BREITENSTEIN and HILL, United States Circuit Judges.

HILL, Circuit Judge.

This is an appeal by McCullough Tool Company, hereinafter called McCullough, from summary judgment rendered against it below in the combined civil actions Nos. 4271 and 6467. A long history of litigation between the two parties to this suit exists and the present appeal is substantially a continuation of the prior litigation between the parties.

Civil Action 4271 was an infringement action brought by Well Surveys, Inc., hereinafter called W.S.I.[1] A number of patents were involved in this suit including the Swift Patent, No. 2,554,884, which continues to be of interest in the instant appeal. In that initial litigation Judge Savage found the Swift Patent to be valid and infringed by McCullough. See 199 F. Supp. 374. This decision was affirmed by this court on appeal. See 343 F.2d 381.[2] On remand to the district court, an injunction was issued against McCullough prohibiting it "from directly or indirectly manufacturing, using or selling, or inducing, or causing to be manufactured, used or sold, apparatus for simultaneously making radioactivity measurements and locating the casing collars in a cased well as exemplified by W.S.I. Exhibit 10, page 5-A." In the interim, McCullough, apparently following the advice of counsel, modified its structure to avoid infringement of the Swift Patent. On June 14, 1966, McCullough filed an action for declaratory judgment, Civil Action No. 6467, asking that a determination be made that the new McCullough structure does not infringe the Swift Patent. Thereafter, on August 4, 1966, W.S.I. filed a motion asking the trial court to issue a citation for contempt against McCullough by reason of its use of the modified structure. Also on August 4, 1966, W.S.I. filed a motion to dismiss the declaratory judgment action. On October

---

[1]Dresser, Inc., is the present owner of the Swift Patent and is a co-appellee with W.S.I. For purposes of this opinion, there is no difference between the two and has been the practice throughout the proceedings appellees will be referred to as W.S.I.

[2]These previous opinions contain excellent accounts of the factual situations concerning the well survey industry and the Swift Patent that make unnecessary any extensive factual discussion in the present opinion.

19, 1966, McCullough filed a detailed motion asking for relief from the judgment in Civil Action No. 4271, dissolution of the June 15 injunction and a vacation of the order for accounting based upon W.S.I.'s misuse of its patents. On November 29, 1966, a pretrial hearing was held. At this time it was decided that the Civil Actions Nos. 4271 and 6467 could be consolidated for pretrial and trial.[3] Further, McCullough was ordered to show cause why it should not be held in contempt and the trial judge dismissed McCullough's motion to dissolve the injunction for failure to state a cause of action. On December 9, 1966, W.S.I. filed its answer to the declaratory judgment action and therein counterclaimed that McCullough was infringing its Swift Patent. On December 19, McCullough filed a reply to W.S.I.'s counterclaim wherein it was alleged that the modified structure did not infringe the Swift Patent and that W.S.I. should be barred from asserting infringement because of patent misuse. On December 28, 1966, McCullough filed its response to the motion to show cause in the contempt citation. Therein it was pleaded that the modified structure did not infringe the Swift Patent and did not come within the terms of the June 15 injunction and further that W.S.I. should be barred from asserting its patents because of misuse of these patents. On December 21, 1966, W.S.I. filed a motion for a summary judgment in the contempt proceeding and also asked the trial court to prevent McCullough from introducing evidence of misuse. On December 30, 1966, McCullough filed a motion to strike the case from the court calendar for trial on January

---

[3]A finding of contempt would require the determination that the modified structure came within the June 15th injunction which necessarily means it infringes the Swift Patent.

12, 1967, on the basis that the parties were not prepared for trial due to the failure to complete discovery. This motion was allowed by the court, however, it was decided that a further pretrial hearing would be held on January 12, 1967. At that hearing, the court granted W.S.I.'s motion for summary judgment in the contempt citation and dismissed McCullough's declaratory judgment action.

McCullough argues error in the trial court's granting of summary judgment holding McCullough in contempt and thereby denying McCullough the opportunity to present evidence on five issues: (a) whether or not the claims of the Swift Patent can be construed broad enough to cover the new McCullough structure; (b) the content and effect of the prior art on determining whether or not the claims are of sufficient scope to be infringed by the new McCullough structure; (c) the difference in mode of operation of the device of the patent in suit and the new McCullough structure; (d) non-equivalency of elements and combinations of parts in McCullough's new structure, as compared to the structure of the patent in suit; and (e) misuse of the Swift Patent after the decision of March 16, 1961.

The question is presented as to how a patentee should be allowed to proceed when following a successful infringement suit the infringer modifies the infringing structure and continues as before. Allowing the patentee to proceed by a summary contempt proceeding in all cases would unnecessarily deter parties from marketing new devices that are legitimately outside the scope of the patent in question. On the other hand, to require in each instance the patentee to institute a new infringement suit diminishes the significance of the patent and

the order of the court holding the patent to be valid and infringed. Obviously there must be a dividing point between those cases which should be handled by a summary contempt proceeding and those cases which should be more fully viewed in an infringement proceeding. Courts have uniformly held that the standard to be applied in determining the dividing point is whether the alleged offending device is "merely 'colorably' different from the enjoined device or from the patent." Siebring v. Hansen, 8 Cir., 346 F. 2d 474 at 477. See Hartford-Empire Co. v. Obear-Nester Glass Co., 8 Cir., 95 F.2d 414; American Foundry & Mfg. Co. v. Josam Mfg. Co., 8 Cir., 79 F.2d 116; and Wadsworth Electric Mfg. Co. v. Westinghouse Electric & Mfg. Co., 6 Cir., 71 F.2d 850. It is further stated to be "well established that it is within the discretion of the trial court to determine whether the charge of infringement is to be determined in a contempt proceeding or in a separate action. * * *." Blatz v. The Fair, 7 Cir., 279 F.2d 899 at 903. See also John W. Gottschalk Mfg. Co. v. Springfield Wire & Tinsel Co., 1 Cir., 90 F.2d 468. In Jamco, Inc. v. Carlson, 10 Cir., 274 F.2d 338, 343, this court held that a colorable modification of the device shown to have infringed a patent should be handled by contempt proceedings.[4]

In the instant case the trial judge determined that the "McCullough device is only a colorable variation of the Swift Patent," that the modified device "does the same work in substantially the same way to accom-

---

[4]The cases cited by McCullough in support of the argument that summary contempt proceedings were erroneous are not contradictory with these decisions. See Locklin v. Switzer Brothers, Inc., 9 Cir., 348 F.2d 244; E-I-M Company v. Philadelphia Gear Works, 5 Cir., 223 F. 2d 36; Union Carbide & Carbon Corp. v. Graver Tank & Mfg. Co., 7 Cir., 196 F.2d 103.

plish substantially the same result as the Swift device" and that the "modified apparatus comes within the scope of the claims in the Swift Patent." In proceeding with the contempt citation the trial court found that there was no genuine issue of material fact and, therefore, that W.S.I. was entitled to a judgment as a matter of law. There was clearly no error in the trial court's proceeding with the contempt citation rather than requiring the issue to be tried in an infringement hearing. We believe that the trial court was correct in summarily deciding that the modified device was a colorable variation of the Swift Patent that it thus infringed the Swift Patent and violated the June 15 injunction. The validity of the Swift Patent and the scope of its claims were conclusively determined as between the two parties in the instant suit in the original infringement suit. See Krentler-Arnold Hinge Last Co. v. Leman, 1 Cir., 90 F.2d 699. And Wadsworth Electric Mfg. Co. v. Westinghouse Electric & Mfg. Co., supra. This conclusively answers McCullough's claims that it should be allowed to introduce evidence upon issues (a) and (b).

There is also no merit to McCullough's argument as to issues (c) and (d). The difference between the modified structure and the original device found to infringe the Swift Patent is sufficiently established in the record by an affidavit filed by McCullough to decide the issue of contempt.[5] This affidavit shows that the change in structure was to provide the casing collar locator signal with a separate amplifier and then connect it to the transmitting conductor whereas in the orig-

---

[5]It is clear that this affidavit may be taken as establishing the structure of the modified device sufficient to determine whether it infringes the Swift Patent. See Chan Wing Cheung v. Hamilton, 1 Cir., 298 F.2d 459.

inal device the signal from the casing collar locator was connected to a common amplifier which also amplified signals from the radiation detector. This change is merely a change in form with the new form serving the same function as the old, therefore, making the change a mere colorable variation justifying the trial court's finding of contempt. See Wadsworth Electric Mfg. Co. v. Westinghouse Electric & Mfg. Co., supra, at 852. We believe that the modified structure as shown by McCullough clearly infringes claims 1, 2, 5 and 6 of the Swift Patent as found by the trial judge. The relevant portions of these claims which cover the change in the McCullough device are: (1) in claim 1 "means for combining said first signal and the additional signal * * *"; (2) in claim 2 "means for introducing the last mentioned signals into the first detecting means to superimpose them on the signal characteristics of the phenomena being detected by said first detecting means. * * *"; (3) in claim 5 "means for introducing said signals into the transmitting means of said system, * * *"; and (4) in claim 6 "means for introducing said signals into the transmitting means of said system, * * *." There is clearly no limitation in any of these claims to the use of a common amplifier as urged by McCullough. Just as clearly, there is no limitation upon the scope of these claims found in the previous opinions holding the patent valid. Judge Savage in the original infringement suit found the invention inherent in the Swift Patent to be the combination of the radiation detector log with the depth indicators provided by the casing collar locators. See Well Surveys, Inc. v. McCullough Tool Co., 199 F. Supp. 374 at 386. Specifically with regard to the method of combining two

signals Judge Savage stated: "The Swift Patent discloses a combination of a casing collar locator with a radiation detection system in which the casing collar signal and the radiation signal are electrically associated so that when the casing collar signal is imposed upon the radiation detection circuit, the radiation signal is interrupted. This interruption system is an illustration of but one of several available means for transmitting the casing collar signal and the radiation signal over the same cable, and none of the claims of the Swift Patent is limited to this system." ibid.[6]

These trial court findings were completely affirmed by this court on appeal. See McCullough Tool Co. v. Well Surveys, Inc., 10 Cir., 343 F.2d 381, 391-394. The trial judge clearly found the invention to be the combination of the radiation detection system with the casing collar locator. Since there is nothing in the claims of the Swift Patent to limit the device to one where the combination occurs in a common amplifier the fact that in the modified McCullough structure the signals arising from the radiation detector and the casing col-

---

[6]Judge Savage further said:

"The new combination of elements forming the Swift invention and their new mode of operation were not obvious to those skilled in the art at the time the Swift application was filed.

"63.

"Magnetic casing collar locators and radioactivity well logging systems were separately known long prior to the invention of the Swift Patent. It was also old prior to the invention of the Swift Patent to transmit multiple signals over a common conductor.

"64.

"The well logging apparatus with a casing collar locator defined by the claims in issue of the Swift Patent is of great utility and value; it was not obvious, but was the result of invention by the patentee; and is not anticipated by, but displayed substantial inventive advance over the prior art in evidence." Well Surveys Inc. v. McCullough Tool Co., supra at 387.

lar locator were not combined in a common amplifier but were separately amplied and then transmitted along a single conductor to the recording system clearly does not have any bearing on the question of infringement and since this is the sole change as shown by McCullough's affidavit, the trial court was correct in finding that the modified structure was merely a colorable variation of the Swift Patent and, therefore, prohibited by the June 15 injunction.

McCullough further claims that W.S.I. should be estopped from claiming any combination which does not include a common amplifier because of file-wrapper estoppel from the cancellation of a original claim 7. This argument was expressly discussed in the previous opinion by this court when it stated that "In this case, the original claims upon which McCullough relies to invoke the doctrine were not rejected because they were unpatentable over the prior art. They were rejected on the formal grounds of being improper method claims and, therefore, file-wrapper estoppel is not applicable." McCullough Tool Co. v. Well Surveys, Inc., supra at 403.

McCullough further argues that the modified structure must come within the terms of the June 15 injunction and that this injunction only prohibited McCullough from manufacturing apparatus "exemplified by W.S.I. Exhibit 10, page 5-A," the original McCullough device found to infringe the Swift Patent. McCullough urges that not all devices infringing the Swift Patent necessarily come within the scope of the June 15 injunction. This is certainly true, but a colorable variation of the original McCullough device would certainly come within the terms of the claimed injunction or else the prohibition would be virtually meaningless.

Since it was found that the modified McCullough structure was merely a colorable variation of the original structure there was no error in finding that it was prohibited by the June 15 injunction and that McCullough by marketing such a device was in contempt.

The remaining major issue concerns the necessity of a hearing on the alleged misuse by W.S.I. At the November 29, 1966, pretrial it was held that the allegations concerning patent misuse made by McCullough and the affidavits submitted by McCullough to support these allegations did not present a cause of action in that the affidavits only evidenced that W.S.I was enforcing the rights granted to it by its various patents. No appeal was taken from this dismissal but the same issue was presented by McCullough in its answer to the show cause order and in its reply to W.S.I.'s counterclaim in the declaratory judgment action. Although the trial judge did not make any specific reference to the misuse issue the summary judgment necessarily imimplies that the decision rendered on McCullough's motion to dissolve the injunction still applied. The opinion expressed at the November 29th pretrial hearing was that the affidavits showed no more than that W.S.I. was pursuing a valid policy to enforce its patents. The first question to be discussed by this court is whether the misuse issue could be disposed of by summary judgment.

It is, of course, elementary that to be suitable for summary judgment there must not exist any material factual disputes. Smoot v. Chicago, Rock Island and Pacific R. R. Co., 10 Cir., 378 F.2d 879; Frey v. Frankel, 10 Cir., 361 F.2d 437; Bushman Construction Co. v. Conner, 10 Cir., 307 F.2d 888. Affidavits may be

presented by both sides, however, the affidavits are to be used only to present the available facts, and not to decide the factual issues which might be presented. See Smoot v. Chicago, Rock Island and Pacific R. R. Co., supra. No affidavits were submitted by W.S.I. pursuant to its motion for summary order rather it relied upon the considerable amount of material that was already in the record.[7]

McCullough's motion, supporting briefs, and affidavits contained many allegations concerning W.S.I.'s misuse of its patents. The general allegations made by McCullough with respect to the specific wrongdoings of W.S.I. were that it monopolized or attempted to monopolize the part of the well survey industry comprising simultaneous logging and collar locating, particularly through improper extension of their patent monopoly and through unfounded infringement threats and litigation. Further, McCullough alleged that W.S.I. engaged in an illegal program of coercion of well survey operators in the industry which consisted of groundless threats of litigation, followed by the filing and prosecution of unfounded law suits, with the result that many comparatively impecunious well survey operators, being unable to stand litigation costs, had been compelled to take licenses or immunity agreements and pay royalties for their use of unpatented equipment. W.S.I. is alleged to have engaged in a plan of oppressive litigation wherein well survey operators have repeatedly been sued on a group of eight or ten patents, while plaintiff knew, or should have known, that there

[7]It is clear that a movant for summary judgment may rely upon affidavits already in the record. Chan Wing Cheung v. Hamilton, 1 Cir., 298 F.2d 459; 6 Moore, Federal Practice, ¶56.15[3], p. 2340.

was no basis whatsoever for their claim of infringement of most of the patents involved. Further, McCullough alleges that W.S.I. had misrepresented to the public and the operators in the well survey field the scope of the Swift Patent and the previous court decisions interpreting the scope of this patent.

McCullough's primary allegation of misuse is that W.S.I. is seeking to unlawfully extend its patent monopoly beyond the scope of the Swift Patent. This allegation is based on the premise that the scope of the Swift Patent is limited to a survey device whereby the signals from the radiation detector and the casing collar locator are transmitted to the surface by a single conductor. W.S.I. sought to and did license several well survey operators who performed their surveys with multi-conductor devices, that is a survey device whereby the radiation detector signal is transmitted to the recording system by a different conductor than the casing collar locator signal.

It is difficult to believe that the above allegations would constitute a misuse of a patent. The authorities cited by McCullough concern situations where a patentee seeks to "tie" an unpatented product to the sale of his patented product. See Morton Salt Co. v. G. S. Suppiger Co., 314 U.S. 488; United States v. Masonite Corp., 316 U.S. 265. McCullough extracts from these cases language to the effect that the patentee is strictly limited to the terms of his grant. To apply this language, however, to the present situation would place a grave restriction upon the valid rights of a patent holder. Conceivably, if a licensing program was initiated and carried out in connection with a scheme to monopolize an industry as found in Kobe, Inc. v. Dempsey

Pump Co., 10 Cir., 198 F.2d 416, and the patentee sought by coercion and threats to license devices outside the established scope of his invention a court would be justified in denying the patentee the benefits of his patent. In the present situation, however, it has been expressly stated by Judge Savage that after June 1, 1956 "W.S.I. no longer dominated instrument and apparatus supply for practice of radioactivity well logging, and after that date its refusal to sell its apparatus was not a compelling factor in its license contracting. * * * Following June 1, 1956, W.S.I. was not dominant in the market for the sale of instruments and apparatus for radioactivity well surveying. After the said date the refusal of W.S.I. to sell its apparatus to others than its research and service licensees was reasonable and did not tend to eliminate competition and did not have an anti-competitive effect." Well Surveys, Inc. v. McCullough Tool Co., 199 F. Supp. 374, at 394. The allegations and affidavits presented by McCullough, taken as a whole, do not support a claim that W.S.I. has changed its position as to create an illegal monopoly since the above finding was made by Judge Savage in 1961. Further, it is affirmatively clear from these allegations and affidavits that W.S.I. had considerable competition in the area of radioactive well surveys.

Additionally, we believe it is established beyond any doubt from the previous opinions in this case and the facts and evidence in the record that a reasonable basis exists for W.S.I. to assert that the Swift Patent covers the multi-conductor survey devices. McCullough bases its counter-argument upon the fact that much of the language of the previous suit speaks in terms of a single conductor device. This is only natural, however, as the

infringing device and the device shown by the Swift Patent all had a single conductor from the detection devices to the recording system. This does not mean, however, that the previous opinions were considering the question of a multi-conductor system or limiting the Swift Patent to a single conductor system. On the contrary, an examination of these opinions show that the court considered the invention of the Swift Patent to be the combination of a radiation log measurement with the fixed depth determination by the casing collars so that a comparison of the two records could be made, notwithstanding how the signals were transmitted to the recording system.[8] Introduced into the record by W.S.I. is an opinion written by a Chicago patent firm to the effect that claims 5 and 6 of the Swift Patent would be broad enough to cover a multi-conductor system. The law set forth in this opinion and the wording of the previous opinions by Judge Savage and this court clearly provided W.S.I. with a reasonable basis for believing that multi-conductor systems were covered by the Swift Patent. We do not believe that the question as to whether these multi-conductor systems are covered by the Swift Patent has to

---

[8]Finding of Fact No. 57 of Judge Savage states: "The Swift Patent is concerned with utilizing the casing collars which are permanently fixed in a cased well as bench marks, making radiation measurements relating to the positions of these bench marks, and recording the radiation measurements and the indications of the bench marks simultaneously to provide a radioactivity well log in which the radiation measurements are accurately recorded as a function of depth as indicated by the casing collar indications. This is a new combination of elements which produces a new and useful result." Well Surveys, Inc. v. McCullough Tool Co., supra, at 386. This plainly illustrates that Judge Savage considered the invention to be the combination of the two recordings and not the fact that the recording signals were combined in a single conductor to be transmitted to the recording system as urged by McCullough.

be decided in the instant case. The only issue presented is whether an attempt by W.S.I. to license multi-conductor devices could possibly be considered made in bad faith and with an illegal intent. Due to the fact that there is no showing of an increased domination by W.S.I. in the radioactivity survey field and the fact that the previous opinions clearly do not limit W.S.I. to a single conductor system McCullough's argument as to the misuse of W.S.I. concerning their licensing program under the Swift Patent does not present a valid issue.

A further allegation of misuse made by McCullough is that W.S.I. participated in a program of coercion and intimidation by bringing unfounded law suits based upon 8 to 10 of W.S.I.'s patents for the purpose of forcing oil well operators into submitting to licensing agreements. The facts set out in McCullough's affidavit show that W.S.I. sued approximately 15 different operators for infringement of 8 to 10 different patents. It frequently developed in these cases that some of the allegations of infringement by W.S.I. were dismissed after discovery procedures in the cases. It is McCullough's contention that W.S.I. had knowledge of the fact that the majority of the patents sued upon were not infringed but merely added these allegations to the suits in order to make the litigation more expensive for the well survey operators. Such a course of action, according to McCullough, constitutes misuse of W.S.I.'s patent pool sufficient to deny W.S.I. the benefits of the Swift Patent. However, as developed above, it is clear that W.S.I. had a reasonable basis for alleging infringement by these various operators of the Swift Patent. Since the Swift Patent is the

only patent involved in the instant suit and is the patent which W.S.I. is seeking to enforce against McCullough, it is difficult to see how the misuse alleged by McCullough of the remainder of the patents in W.S.I.'s patent pool deny it the benefit of the Swift Patent. The defense of misuse, is, of course, an outgrowth of the equitable principle of unclean hands. See Morton Salt Co. v. G. S. Suppiger Co., 314 U.S. 488. It is, however, a further maxim of equity that it is not every misconduct which will cause a court to apply the doctrine of unclean hands. Rather, as stated by this court, in Ohio Oil Co. v. Sharp, 10 Cir., 135 F. 2d 303, 308: "[T]he application of the maxim is based upon conscience and good faith, and is confined to misconduct in relation to or in all events connected with the matter in litigation so that it in some manner effects the equitable relations of the parties to the suit. It does not extend to misconduct which is unconnected with the matter in litigation, and with which the party who asserts the maxim as a defense to his wrong has no concern." See also Hoehn v. Crews, 10 Cir., 144 F.2d 655 at 672. This principle has been applied in patent cases by allowing the defense of patent misuse only where there had been a misuse of the patent in suit. See Binks Mfg. Co. v. Ransburg Electro-Coating Corp., 7 Cir., 281 F.2d 252, cert. granted, 364 U.S. 926, writ dismissed, 366 U.S. 211; Apex Electrical Mfg. Co. v. Altorfer Bros. Co., 7 Cir., 238 F. 2d 867; and Eversharp, Inc. v. Fisher Pen Co., 204 F. Supp. 649. Applying this doctrine in the instant suit means that McCullough's allegation failed to state a claim of misuse against W.S.I.

McCullough brings up further allegations of an illegal patent pool and illegal royalties demanded by

W.S.I. There is no showing made in the affidavits submitted by McCullough as to the extent of a patent pool acquired by W.S.I. or that W.S.I. has gone out into the market to purchase patents from competitors. A patent pool is not illegal by itself. Cole v. Hughes Tool Co., 10 Cir., 215 F.2d 924, 935. It must be either illegally acquired or illegally used. Ibid. There has been no showing that the patents held by W.S.I. are an illegal patent pool in this sense. Further W.S.I. argues that it shows in the record that the 80 patents held by W.S.I. were patents on inventions made by W.S.I.'s own employees or agents. W.S.I. acknowledges that it holds grants of licensing rights under the Schlumberger and Pan Geo Atlas Patents but that these are all non-exclusive. W.S.I. further points out that McCullough argued before Judge Savage that there was an illegal patent pool but that Judge Savage found no illegal pooling. As to McCullough's allegations of illegal and excessive royalties, this court specifically found that the royalties system employed by W.S.I. was valid. McCullough Tool Co. v. Well Surveys, Inc., supra, at 409. No new allegations or arguments are presented by McCullough to show a need to re-examine this issue. As to these additional issues then it is clear that the trial judge in this case was not in error in summarily deciding that they did not present an issue.

McCullough further alleges that W.S.I. deliberately excluded them from their patent pool and cross licensing agreements and that such a refusal to grant a license to McCullough on the same terms as others comprises a violation of the antitrust laws, since the purpose of such refusal is to establish and maintain a monopoly. However, the facts alleged and expressed in Mc-

Cullough's affidavit show only that W.S.I. refused to agree to the terms demanded by McCullough in particular that McCullough be granted a license under the Swift Patent in exchange for a license taken under McCullough's Pringle Patent. There is no allegation that W.S.I. would refuse to grant McCullough a license agreement under its standard royalty payments. It was an express finding of Judge Savage that W.S.I has at all times since June 1, 1956, been willing to grant licenses under its patents individually or collectively under negotiable reasonable terms. Well Surveys, Inc. v. McCullough Tool Company, 199 F. Supp. 374, 395. W.S.I. alleges that it has made repeated offers to this effect to McCullough. The facts alleged by McCullough in their affidavit simply do not show any unreasonable refusal on the part of W.S.I. to grant a license under the Swift Patent to McCullough.

McCullough has also alleged that W.S.I. has misrepresented to various parties the scope of their patent as set out by this court's decision and Judge Savage's decision. This allegation is, however, not supported by McCullough's affidavits as they show only that W.S.I. said that the court's decisions had held the Swift Patent to be valid and that McCullough had infringed the Swift Patent. This distinguishes the instant situation from Art Metal Works v. Abraham & Straus, 2 Cir., 70 F. 2d 641, cited by McCullough. In this respect McCullough relies upon a statement made by Jay Beaver, a Vice President of W.S.I., who stated to several potential licensees with regard to multi-conductor systems that W.S.I. had many licensees who interpreted the Swift Patent along with W.S.I. to cover multi-conductor systems. McCullough claims that the affidavits submitted

by it clearly show that this was not the interpretation of the various licensees but that they had been forced to take the licenses to cover their multi-conductor system. Notwithstanding these allegations, it is a fair statement for W.S.I. to make that the interpretation of those who took licenses to cover their multi-conductor systems was that the systems were covered by the Swift Patent.

McCullough further alleges misuse because in the license agreement granted to Sand Surveys, Inc., the statement is made that coverage goes to operations involving "any fixed depth control marker." As McCullough correctly points out, this would be an extension beyond any conceivable scope of the Swift Patent, which must be limited to depth location by casing collar locations. However, W.S.I. has shown by its affidavits that this statement was added to the license agreement under the impetus of Sand Surveys, Inc. Such an isolated incident cannot be construed to constitute misuse of the Swift Patent sufficient to deny W.S.I. the rights of their patent monopoly. The Sand Surveys agreement was only one agreement out of 80 to 100 licensing agreements granted by W.S.I. and the fact that the offending language was desired by the licensee and not W.S.I. suffices to place the case outside the scope of misuse of the Swift Patent.

The scope of the misuse doctrine has not been clearly defined. It has been recognized by the Attorney General's National Committee to study the Antitrust Laws that "there may be misuse of the defense of antitrust violation * * *." The Committee felt this was "basically a problem of judicial control," and recommended "that the courts should make full use of their powers to curb

such attempts to defeat justice. Useful methods include pre-trial procedures to ascertain whether a good faith antitrust defense is presented." Att'y General Nat'l Comm. Antitrust Rep. p.p. 248, 249. We believe the above statements apply to the instant case and more particularly we agree with the trial judge when he states that the affidavits submitted by McCullough show nothing more than the pursuance of a valid program to obtain the benefit of the Swift Patent. To further prolong the litigation by requiring a hearing on McCullough's allegations of misuse would be a needless waste of judicial time.

A further claim by McCullough is that it was error for the district court to summarily decide the case without allowing it to introduce further witnesses and evidence with regard to the misuse issue other than the affidavits included with the motion to dissolve the injunction. At the pretrial hearing on November 29, when the trial judge denied the motion to dissolve the junction, it was pointed out by McCullough's attorneys that the misuse issue would again come up as a defense to the show cause contempt citation and as a defense to W.S.I.'s counterclaim in the declaratory judgment action. W.S.I.'s counsel attempted to have the issue barred from being raised at trial, i.e., from allowing McCullough to introduce further evidence. At that time the trial judge held that the issue could be raised only if McCullough were to submit additional evidence or a list of additional witnesses which it intended to introduce at the trial to show that W.S.I. had misused the Swift Patent. McCullough was given a 20 day limitation within which to submit the additional evidence and witnesses. This time was partly based upon

the amount of time it would take W.S.I. to submit to McCullough various documents which had been asked for by discovery procedure. These documents were produced on December 6, 1966, 7 days after the pretrial but McCullough alleged in a later motion to strike the cause from trial on January 12 that the production was limited and required it to seek out other documents from another law suit, therefore, delaying McCullough from producing additional evidence. Also alleged in the motion to strike the cause from trial was that W.S.I. had not answered various interrogatories filed by McCullough on December 19.[9] These interrogatories were answered on January 3, 1967, within the 15 days allowed by Federal Rules of Civil Procedure, Rule 33. As previously noted, on December 21, W.S.I. filed a motion for summary order in the contempt citation. McCullough's failure to respond to this motion for summary judgment with an additional list of witnesses and additional information knowing that such would be required before the misuse defense could be entertained in the pretrial hearing is sufficient to deny McCullough's position that it was error to issue summary judgment without allowing it to introduce further evidence. The simple fact is that it was McCullough's burden to produce the witnesses and evidence. The facts do not indicate that the evidence was not within McCullough's hands in sufficient time to comply with this order before the January 12 pre-hearing and decision of summary judgment.

The orders appealed from are AFFIRMED.

---

[9]An examination of these interrogatories reveals that no information was sought which could be considered helpful on the issue of misuse if, as discussed above, it was not misuse to license multi-conductor survey devices.

Judgment.

In the United States District Court for the Northern District of Oklahoma.

Well Surveys, Inc. (now by change of name Dresser Sie, Inc.,) and Dresser Industries, Inc., Plaintiffs, vs. McCullough Tool Company, Defendant. Civil Action No. 4271.

McCullough Tool Company, Plaintiff, vs. Dresser Industries, Inc., Defendant. Civil Action No. 6467.

Filed Jan. 13, 1967.

NOW on this 12th day of January, 1967, the above-captioned causes came on for pretrial hearing having been regularly set for pretrial.

Well Surveys, Inc., and Dresser Industries, Inc., appeared by their attorneys, Rufus S. Day, Jr., Robert J. Woolsey, and Robert K. Schumacher, and the defendant, McCullough Tool Company, appeared by its attorneys, R. Welton Whann and R. B. McDermott. The Court having considered the record in Case No. 4271 and the record in Case No. 6467 and the affidavits, exhibits, responses, briefs, memoranda and other papers on file in connection with the various motions and citations filed since the mandate in Case No. 4271, as well as the trial record, Findings of Fact and Conclusions of Law in Case No. 4271, and the opinion of the Court of Appeals for the Tenth Circuit in the appeal from Case No. 4271, finds that there remains no issue of material fact to be tried in either Case No. 4271 or Case No. 6467, that McCullough Tool Company has failed to show cause why it should not be held in contempt of the order of injunction entered by this Court June 15, 1966, and that judgment should be rendered for

Well Surveys, Inc., and Dresser Industries, Inc., as a matter of law, against McCullough Tool Company, a corporation, as hereinafter set forth.

THE COURT FINDS that Well Surveys, Inc., and Dresser Industries' Motion for Order Citing McCullough for Contempt in Civil Action No. 4271 should be sustained, and that McCullough Tool Company should be adjudged to be in contempt of the order of injunction herein entered on June 15, 1966.

THE COURT FURTHER FINDS that the Motion of Well Surveys, Inc., and Dresser Industries, Inc., for Summary Order filed herein on December 21, 1966, in Cases No. 4271 and 6467 should be sustained and that an order should be entered adjudging McCullough Tool Company in contempt of this Court for failure to comply with the order of injunction entered herein June 15, 1966, and that an order should also be entered precluding McCullough Tool Company from introducing any evidence in defense of the motion that it be held in contempt of such order.

THE COURT FURTHER FINDS that the motion of McCullough Tool Company termed "Counter Motion to Dismiss said Plaintiffs' Motion" for order citing McCullough for contempt should be overruled.

THE COURT FURTHER FINDS that the Motion to Dismiss of Dresser Industries, Inc., filed in Case No. 6467 should be sustained.

IT IS, THEREFORE, ORDERED, ADJUDGED, AND DECREED that, there remaining no genuine issue of material fact to be tried in either Case No. 4271 or Case No. 6467, summary judgment be rendered for Well Surveys, Inc., and Dresser Industries, Inc., as a

matter of law, against McCullough Tool Company, a corporation.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Well Surveys, Inc., and Dresser Industries, Inc.'s Motion for Order Citing McCullough Tool Company for Contempt in Civil Action No. 4271 be, and the same is hereby sustained, and it is further ordered that McCullough Tool Company be, and the same is hereby adjudged to be in contempt of the order of injunction herein entered on June 15, 1966.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Motion of Well Surveys, Inc., and Dresser Industries, Inc., for Summary Order filed herein on December 21, 1966, in Case No. 4271 and Case No. 6467 be, and the same is hereby sustained, and it is further ordered that no further evidence may be introduced on behalf of McCullough Tool Company, a corporation.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the motion of McCullough Tool Company termed "Counter Motion to Dismiss said Plaintiffs' Motion" for order citing McCullough for contempt be, and the same is hereby overruled.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Motion to Dismiss of Dresser Industries, Inc., filed in the declaratory judgment action, Case No. 6467, be, and the same is hereby sustained, and said cause of action and Complaint are hereby dismissed.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the injunction be stayed for a period of twenty (20) days from January 12, 1967,

pending the filing of a bond with sufficient sureties in the sum of $125,000.00, and that upon the filing of said bond the injunction be stayed pending an appeal by McCullough Tool Company and during said appeal, or until further order of the Court. In the event no bond is filed within said time, or no appeal be taken, the injunction shall be in full force and effect.

/s/ Allen E. Barrow
Judge

Approved as to Form:
/s/ Robert J. Woolsey
One of the Attorneys for
Well Surveys, Inc., and
Dresser Industries, Inc.

Service of this order is acknowledged on Jan. 13, 1967.

Approval of the order is declined.
/s/ R. B. McDermott
One of the Attorneys for
McCullough Tool Company

PREME COURT, U. S.

FILED
SEP 13 1968
JOHN F. DAVIS, CLERK

In the Supreme Court of the United States

OCTOBER TERM, 1968.

No. 406.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.) and DRESSER INDUSTRIES, INC.,
Respondents.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

DRESSER INDUSTRIES, INC.,
Respondent.

BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

RUFUS S. DAY, JR.,
700 Terminal Tower,
Cleveland, Ohio 44113,

ROBERT K. SCHUMACHER,
135 South LaSalle Street,
Chicago, Illinois 60603,

ROBERT J. WOOLSEY,
602 National Bank of Tulsa Building,
Tulsa, Oklahoma 74103,
Attorneys for Respondents.

THE GATES LEGAL PUBLISHING CO., CLEVELAND, OHIO—TEL. (216) 621-5647

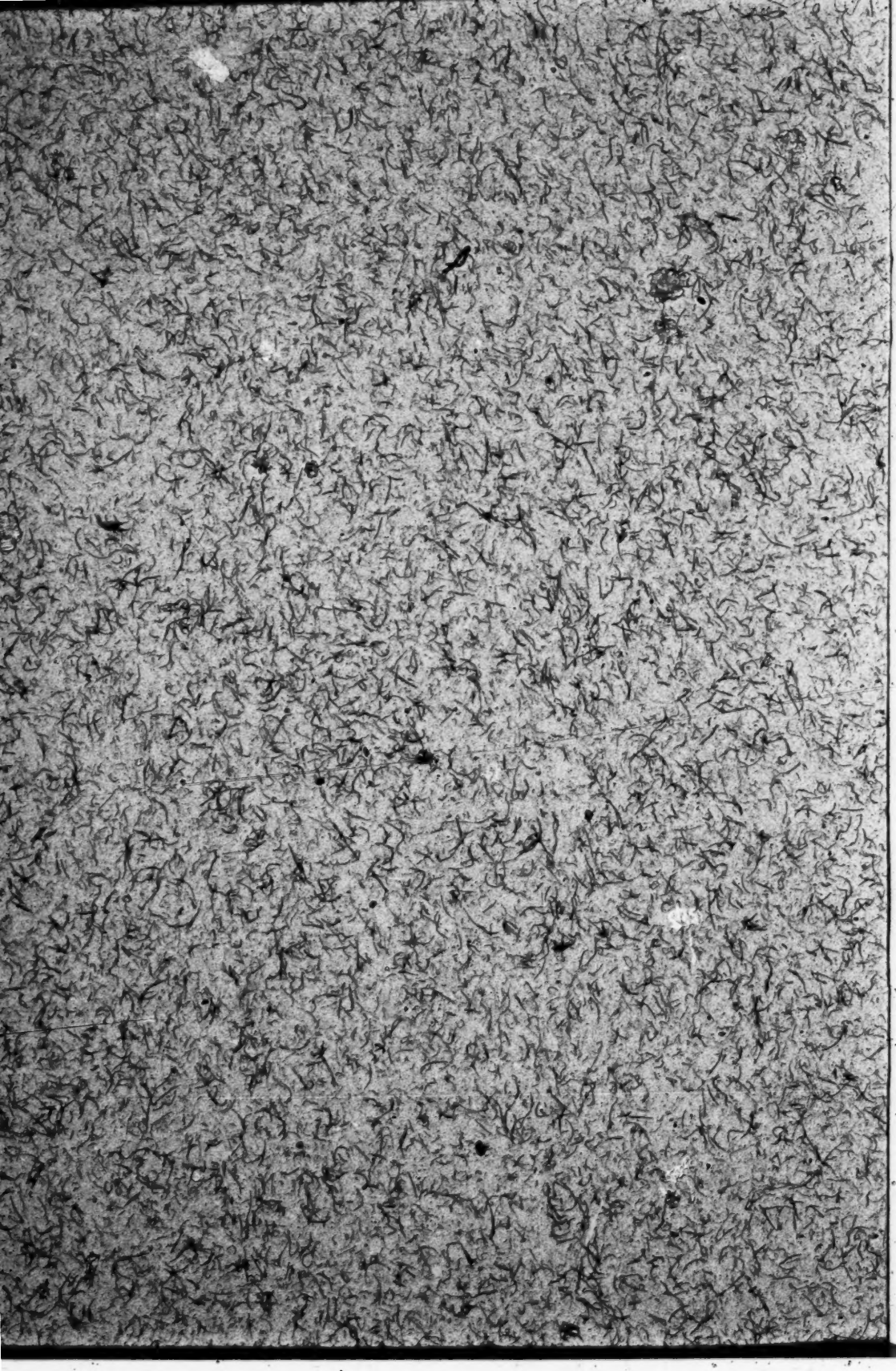


TABLE OF CONTENTS.

Opinions Below ---------- 1

Jurisdiction ---------- 2

Questions Presented ---------- 2

Constitutional Provisions and Statutes Involved ---- 3

Statement of the Case ---------- 3

Argument ---------- 8

1. The decision below on the patent issues involves no new question and is clearly correct _ 8

2. There is no conflict between the decision below and the decision of the Court of Appeals for the Fourth Circuit in the Ransburg Case ---- 12

3. The decision below on the misuse issues involved no new question and is clearly correct _ 15

4. This case presents no substantial issue under the Due Process clause ---------- 18

Conclusion ---------- 19

Appendix A. Oral Opinion of District Court ---------- 20

Appendix B. Memorandum Opinion of District Court 24

TABLE OF AUTHORITIES.

Cases.

Berger v. Brannan, 172 F. 2d 241 (10 Cir., 1949), *cert. denied* 337 U. S. 941 (1949) ---------- 16

California Apparel Creators v. Wieder of California, 162 F. 2d 893 (2 Cir., 1947) ---------- 17

Engel v. Aetna Insurance Co., 139 F. 2d 469 (2 Cir., 1943) ---------- 17

Eureka Tool Co. v. Wire Rope Appliance Co., 265 Fed. 673 (8 Cir., 1920) ----------12, 15

Gifford v. Travelers Protective Association, 153 F. 2d 209 (9 Cir., 1946) ---------- 17

Graham v. John Deere Co., 383 U. S. 1 (1966) ---- 9

Holcomb v. Aetna Life Insurance Co., 255 F. 2d 577 (10 Cir., 1958) ---------- 17

Kiwi Coders Corp. v. Acro Tool & Die Works, 250 F. 2d 562 (7 Cir., 1957) ---------- 8

Krentler-Arnold Hinge Last Co. v. Leman, 50 F. 2d 699 (1 Cir., 1931) ----------11, 12

Leman v. Krentler-Arnold Co., 284 U. S. 448 (1932) 8

Norton v. McShane, 332 F. 2d 855 (5 Cir., 1964) ---- 17

Parker Pen Co. v. Greenglass, 206 F. Supp. 796 (D.C.N.Y., 1962) ---------- 8

Ransburg Electro-Coating Corp. v. Ionic Corp., 395 F. 2d 92 ----------12, 13, 14, 15

Ransburg Electro-Coating Corp. v. Proctor Electric Co., 203 F. Supp. 235 (D. Md., 1962), *affirmed* 317 F. 2d 302 (4 Cir., 1963) ---------- 12

Roberts v. Anderson, 66 F. 2d 874 (10 Cir., 1933) -- 18

Standard Dredging Corp. v. Inter American Center Authority, 351 F. 2d 470 (5 Cir., 1965) 17

Textag Co. v. Hayslip, 192 F. 2d 435 (5 Cir., 1951) ... 8

Tinius Olsen Testing Mach. Co. v. Baldwin-Southwark Corp., 25 F. Supp. 885 (E.D. Pa., 1938) ... 11

Tractor Supply Co. v. International Harvester Co., ____ F. Supp. ____, 151 U.S.P.Q. 447 (N.D. Ill. 1966) 8

Wadsworth Elec. Mfg. Co. v. Westinghouse, 71 F. 2d 850 (6 Cir., 1934), *cert. den.*, 293 U. S. 604 (1934) 12

Wilson v. Byron Jackson Co., 93 F. 2d 577 (9 Cir., 1937) 8

Windsor v. McVeigh, 93 U. S. 274 (1876) 18

Texts.

Barron & Holtzoff, *Federal Practice and Procedure*, Vol. 3, page 506 (Rules Edition 1958) 8

Moore, *Federal Practice*, Vol. 6, Para. 56.17 [1], at page 2464 (2d Ed., 1965) 8

Constitution of the United States.

Fifth Amendment 3

Federal Rules of Civil Procedure.

Rule 56 ..... 3, 8, 9, 18

In the Supreme Court of the United States

OCTOBER TERM, 1968.

No. 406.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.) and DRESSER INDUSTRIES, INC.,

Respondents.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

DRESSER INDUSTRIES, INC.,

Respondent.

BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

OPINIONS BELOW.

The opinion of the Court of Appeals for the Tenth Circuit in the present contempt proceeding is reported at 395 F. 2d 230, and appears on pages 1 to 21 of the Appendix to the Petition.* The oral opinion of the United States District Court for the Northern District of Oklahoma in this proceeding is not reported, but appears at pages 4949 to 4954 of the Record, and is reproduced as Appendix A of this Brief. The memorandum opinion of

* Hereinafter cited as "P. App."

the District Court overruling Petitioner's Motion for Relief from Judgment on grounds of misuse appears on page 4599 of the record and is reproduced as Appendix B of this brief.

The opinion of the Court of Appeals for the Tenth Circuit in the original infringement suit out of which the present contempt proceeding emerged is reported at 343 F. 2d 381. The Findings of Fact and Conclusions of Law of the District Court in the original infringement suit are reported at 199 F. Supp. 374.

JURISDICTION.

The jurisdictional requisites are adequately set forth in the Petition.

QUESTIONS PRESENTED.

We have no quarrel with Petitioner's statement of question 1, except that the words "Summary Judgment" in the fifth line should apparently be "Declaratory Judgment."

We disagree emphatically with the statement of questions 2 and 3. The factual assumptions in question 2 omit points which we believe to be controlling. Question 3 assumes the existence of "substantial issues of material facts," when there are no such issues. We submit that the following is a proper statement of the question actually presented:

> Where, after full consideration of the prior art, a District Court has determined the validity and scope of a patent and decided that a defendant's apparatus infringes it, and, after affirmance by the Court of Appeals and after issuance of an injunction, the defendant continues to use its apparatus commer-

cially with only a minor and colorable alteration which does the same work in substantially the same way to accomplish the same result as the unaltered apparatus, and which still falls within the scope of the claims as previously determined, and the patent owner brings contempt proceedings against him, is it a violation of Rule 56 FRCP, or of the Due Process Clause of the Fifth Amendment, or erroneous in any other respect, for the District Court to render a summary judgment holding the defendant in contempt?

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

These provisions are adequately set forth in the Petition.

STATEMENT OF THE CASE.

Petitioner's statement omits important facts and contains some inaccurate statements. The following additional statement is deemed necessary to correct these inadequacies:

1. In its original decision that the Swift patent was valid and infringed; rendered March 16, 1961, the District Court reviewed the prior art and determined the scope of the Swift patent. As shown by Findings of Fact 53 to 65 (R. 85 to 86) and 128 to 133 (R. 269 to 271), the Court found that what Swift had invented was apparatus for making radiation measurements simultaneously with the locating of casing collars, the casing collar indications being used to provide accurate depth indicia on radioactivity well logs. These Findings were affirmed by the Court of Appeals in its original decision (343 F. 2d 381, 392), where it stated:

"* * * Swift was the first to utilize casing collar signals for the purpose of making primary depth measurements separately from, but at the same time and place as, radioactivity measurements as distinguished from secondary measurements made at the surface. It may fairly be stated that none of the items of prior art relied upon by McCullough, either individually or collectively, disclose such a method or apparatus. * * * Thus, while the prior art does disclose the two elements of casing collar locator and radioactivity well logging, it does not disclose any combination of these two elements so as to produce the result achieved by Swift, namely, the combining of a magnetic casing collar locator and radioactivity well logging and the providing of a transmitter system so that casing collar signals and radiation signals can be transmitted and recorded to show earth formation in correlation with depth."

2. The modification made by McCullough in its apparatus after the District Court's original decision is described and shown in the Stroud Affidavit (R. 4148-4156), presented by McCullough at the injunction hearing, and is illustrated by the drawing attached as Exhibit A to McCullough's Complaint in its declaratory judgment action (R. 4612). McCullough admitted in open court that its modified device was "apparatus that simultaneously makes radioactivity measurements and locates casing collars in a well" (R. 4873). As recognized by the District Court when it entered summary judgment against McCullough in the present contempt proceedings, the only difference between the modified apparatus and the original apparatus was that in the modified apparatus the casing collar signals and the radiation detector signals, rather than being combined in a common amplifier, were separately amplified before being combined (R. 4951). The Court went on to say that the modified apparatus "does

the same work in substantially the same way to accomplish substantially the same result," and that it "comes within the scope of the claims in the Swift patent" (R. 4952). It stated specifically:

> "McCullough has admitted in its affidavits and in open court that its new device is for simultaneously making radioactivity measurements and locating the casing collars in a cased well, which is the scope of the Swift patent as heretofore determined by this Court. * * * From the record, it is determined that the McCullough device is only a colorable variation of the Swift patent." (R. 4953.)

All these findings of the District Court were affirmed by the Court of Appeals, which held (P. App. 6):

> "In proceeding with the contempt citation the trial court found that there was no genuine issue of material fact and, therefore, that W. S. I. was entitled to a judgment as a matter of law. There was clearly no error in the trial court's proceeding with the contempt citation rather than requiring the issue to be tried in an infringement hearing. We believe that the trial court was correct in summarily deciding that the modified device was a colorable variation of the Swift Patent, that it thus infringed the Swift Patent and violated the June 15 injunction. The validity of the Swift Patent and the scope of its claims were conclusively determined as between the two parties in the instant suit in the original infringement suit."

3. With regard to the question of alleged misuse, McCullough's statement fails to mention the fact that on October 19, 1966, almost three months before the entry by the District Court of its summary judgment of contempt, McCullough had filed a motion, with numerous affidavits and a detailed brief, asking for relief from the judgment in the infringement suit and dissolution of the injunction, based on respondent's alleged misuse of pat-

ents (P. App. 3; R. 4235-4457). This motion was overruled by the District Court on November 29, 1966, on the ground that McCullough had failed to state a claim upon which the relief sought could be granted (R. 4779, 4597-4599). Although the Court had ruled that McCullough had failed to state a misuse defense, McCullough indicated that it had additional evidence to bring forth. The Court granted McCullough until December 15, 1966 to complete and furnish respondents copies of any additional affidavits or documents, and a list of witnesses with a summary of what they would testify, in support of any misuse defense (R. 4874-4905). The time was set as 10 days after respondents made certain documents available to McCullough, which respondents did on December 5, 1966. The Court later extended McCullough's time to 20 days from November 29, or until December 19 (R. 4906). McCullough failed to supply any such additional documents, affidavits, list of witnesses or summaries, either within the time limited or at any time thereafter (R. 4969).

On December 21, 1966, WSI filed its motion for summary judgment in the contempt proceeding, and also for an order precluding McCullough from introducing additional evidence of misuse. At the hearing on January 12, 1967, the Court granted both motions, entered summary judgment in the contempt proceeding, and dismissed McCullough's declaratory judgment action (R. 4702-4705).

The Court of Appeals affirmed the District Court in all respects. After reviewing McCullough's contentions in detail, it held that the District Court had correctly ruled that McCullough had not stated a case of patent misuse, and had properly overruled McCullough's motion for relief from judgment (P. App. 10-20). With regard to McCullough's contention that the District Court had erred in precluding it from introducing further evidence on the

misuse issue, it held that McCullough had been advised by the Court that it must furnish the witness list and additional information within the time limited by the Court, that it was McCullough's burden to comply, and that its failure to do so without any sufficient excuse warranted the granting of respondent's motion to preclude introduction of further evidence (P. App. 20, 21).

4. On page 5 of its Petition, McCullough states that "it was *agreed and ordered* by the Trial Court that Petitioner could present evidence of non-infringement, evidence to determine the scope of the Swift claim, and evidence of misuse of Swift and Fearon after March 16, 1961 * * *" *

The fact is that throughout the November 29 hearing, the Court made it entirely clear that it was entertaining the possibility of passing on the matter summarily, and invited briefs directed to the propriety of entering summary judgment in the event that it determined that there was but a colorable change in McCullough's structure (R. 4777-4778, 4936-4938). Thereafter, respondents filed a Memorandum of Authorities for Summary Judgment in Contempt Proceedings (R. 4560-4566), and McCullough filed an opposing memorandum. On January 12, 1967, the Court indicated that it had studied these memoranda as well as the pleadings and affidavits and had "decided that these cases can now be determined on the Record before me" (R. 4950). It then rendered its decision sustaining respondent's motion for summary judgment and dismissing petitioner's declaratory judgment suit, which the Court of Appeals thereafter affirmed.

A sequential statement of the facts in the case appears in the Court of Appeals opinion (P. App. 1 to 4, 20 to 21).

---

* Emphasis throughout this brief is ours, unless otherwise indicated.

ARGUMENT.

1. The decision below on the patent issues involves no new question and is clearly correct.

There is no question that Rule 56 authorizes summary judgment as to the issue of infringement in patent cases where there is no genuine issue as to any material facts. *Tractor Supply Co. v. International Harvester Co.*, ____ F. Supp. ____, 151 U.S.P.Q. 447 (N.D. Ill. 1966); Moore, *Federal Practice*, Vol. 6, Para. 56.17 [1], at page 2464 (2d Ed., 1965).

The issue of contempt is primarily an issue of infringement. Where summary judgment is appropriate in an original trial for infringement, it is *a fortiori* appropriate in a contempt proceeding, which is inherently a summary proceeding. *Parker Pen Co. v. Greenglass*, 206 F. Supp. 796 (D.C.N.Y., 1962); Barron & Holtzoff, *Federal Practice and Procedure*, Vol. 3, page 506 (Rules Edition 1958).

Leman v. Krentler-Arnold Co., 284 U. S. 448 (1932), is a patent case in which this Court sustained a finding of contempt made summarily, although the question of the propriety of the summary procedure was apparently not raised. Accord, *Textag Co. v. Hayslip*, 192 F. 2d 435 (5 Cir., 1951); *Wilson v. Byron Jackson Co.*, 93 F. 2d 577 (9 Cir., 1937); *Kiwi Coders Corp. v. Acro Tool & Die Works*, 250 F. 2d 562 (7 Cir., 1957).

The law on this point is well summarized in the opinion of the Court of Appeals in the instant case (P. App. 4, 5):

> "The question is presented as to how a patentee should be allowed to proceed when following a successful infringement suit the infringer modifies the infringing structure and continues as before. Allowing the patentee to proceed by a summary contempt proceeding in all cases would unnecessarily deter

parties from marketing new devices that are legitimately outside the scope of the patent in question. On the other hand, to require in each instance the patentee to institute a new infringement suit diminishes the significance of the patent and the order of the court holding the patent to be valid and infringed. Obviously there must be a dividing point between those cases which should be handled by a summary contempt proceeding and those cases which should be more fully viewed in an infringement proceeding. Courts have uniformly held that the standard to be applied in determining the dividing point is whether the alleged offending device is 'merely "colorably" different from the enjoined device or from the patent.' Siebring v. Hansen, 8 Cir., 346 F. 2d 474 at 477. See Hartford-Empire Co. v. Obear-Nester Glass Co., 8 Cir., 95 F. 2d 414; American Foundry & Mfg. Co. v. Josam Mfg. Co., 8 Cir., 79 F. 2d 116; and Wadsworth Electric Mfg. Co. v. Westinghouse Electric & Mfg. Co., 6 Cir., 71 F. 2d 850. It is further stated to be 'well established that it is within the discretion of the trial court to determine whether the charge of infringement is to be determined in a contempt proceeding or in a separate action * * *.' Blatz v. The Fair, 7 Cir., 279 F. 2d 899 at 903. See also John W. Gottschalk Mfg. Co. v. Springfield Wire & Tinsel Co., 1 Cir., 90 F. 2d 468."

On page 7 of its Petition, McCullough argues that the instant case presents "questions of fact," necessitating a full trial, and cites a number of cases on what are considered questions of fact in infringement cases. For example, it cites *Graham v. John Deere Co.*, 383 U.S. 1 (1966) for the proposition that the difference between the claimed invention and the prior art is a question of fact. McCullough fails to distinguish between a *question* of fact and an *issue* of fact. Under Rule 56, there must be a "genuine issue" of material fact to preclude summary judgment.

In the present case, the question of infringement, and the question of the differences between the prior art and the claimed invention, had already been determined by the District Court and the Court of Appeals in the original infringement case. The District Court, affirmed by the Court of Appeals, had found that the Swift patent disclosed and claimed, as the Swift invention, apparatus for simultaneously making radioactivity measurements and locating casing collars in a cased well. On remand by the Court of Appeals, the District Court had enjoined use of apparatus for simultaneously making radioactivity measurements and locating the casing collars in a cased well, as exemplified by WSI Exhibit 10, page 5-A. On the contempt hearing, McCullough admitted that its modified device was apparatus for simultaneously making radioactivity measurements and locating the casing collars in a cased well (R. 4873). There was thus no remaining *issue* of fact, and the Court properly entered summary judgment.

On pages 14 to 17 of its Petition, McCullough cites cases holding that a defendant in an infringement suit may refer to the prior art to limit the scope of the plaintiff's patent—this because a patent cannot validly be given a construction that would include devices built according to the teaching of the prior art. We do not question the holding of these decisions. But in the instant case, in which the scope of the Swift claims relevant to the prior art had already been determined by the District Court and the Court of Appeals, the District Court in the contempt proceedings was well justified in summarily applying such previously determined scope to the modified device. There was no need or justification for the Court to consider further evidence of the prior art in respect to the scope of the Swift patent. As stated by the Court of Appeals (P. App. 6):

"We believe that the trial court was correct in summarily deciding that the modified device was a colorable variation of the Swift patent, that it thus infringed the Swift patent and violated the June 15 injunction. *The validity of the Swift patent and the scope of its claims were conclusively determined as between the two parties in the instant suit in the original infringement suit.* * * * This conclusively answers McCullough's claims that it should be allowed to introduce evidence upon issues (a) and (b)."

In accord with the decision of the Court of Appeals is *Tinius Olsen Testing Mach. Co. v. Baldwin-Southwark Corp.*, 25 F. Supp. 885 (E.D. Pa., 1938), where the Court ruled on page 886:

"Evidence of the prior art is relevant upon the scope and validity of the patent, but those issues have already been decided and are res adjudicata. The only question now before the Court is infringement, and that question must be determined entirely in the light of its decision in the original case."

To the same effect is *Krentler-Arnold Hinge Last Co. v. Leman*, 50 F. 2d 699, 702 (1 Cir., 1931). The Court there held:

"The District Court, however, had before it the record and proceedings in the original equity suit, including the decree in that suit. The proceedings in that suit disclosed that the scope and validity of the claims here in question were put in issue in the original equity suit and actually tried; and that they were held not to be anticipated, but valid as drawn. In other words, that they were not too broad in view of the prior art as presented and litigated in that case. The parties to that suit were the same as in the present proceedings, and, as the scope and validity of the Peterson claims here in issue were put in issue and actually tried and determined in that suit, the decree in that suit determining those issues is as evidence

conclusive in these proceedings as to the scope and validity of the claims."

In the *Krentler-Arnold* case, the Court of Appeals affirmed the District Court in the determination of contempt, but remanded the case to the District Court for a different determination of damages. This Court at 284 U. S. 448 (1932) reversed the Court of Appeals on the matter of damages and affirmed the entire judgment of the District Court which found contempt.

See also *Wadsworth Elec. Mfg. Co. v. Westinghouse*, 71 F. 2d 850 (6 Cir., 1934), *cert. den.*, 293 U. S. 604 (1934), and *Eureka Tool Co. v. Wire Rope Appliance Co.*, 265 Fed. 673 (8 Cir., 1920).

2. There is no conflict between the decision below and the decision of the Court of Appeals for the Fourth Circuit in the Ransburg Case.

On page 13 of its Petition, McCullough cites as being "in direct conflict with the ruling below" the decision of the Court of Appeals for the Fourth Circuit on April 11, 1968 in *Ransburg Electro-Coating Corp. v. Ionic Corp.*, 395 F. 2d 92.

In the cited case, the Court of Appeals reversed a ruling of the District Court that a new device adopted by the defendant after issuance of an injunction against infringement was a contempt of the injunction. However, a reading of the decision, and of the opinions of the District Court and the Court of Appeals in Ransburg's original infringement suit,* shows clearly that there is no conflict with the decisions of the District Court and the Court

---

* *Ransburg Electro-Coating Corp. v. Proctor Electric Co.*, 203 F. Supp. 235 (D. Md., 1962), *affirmed* 317 F. 2d 302 (4 Cir., 1963).

of Appeals in the instant case, but that the differing results are due to factual differences between the cases.

In the *Ransburg* case, the District Court and the Court of Appeals had determined in the original infringement proceedings that Ransburg's patent for a spray-painting system covered at "the minimum" any case in which the paint was "atomized under circumstances in which electrostatic forces *either predominate, or form a significant factor*" (203 F. Supp., at 251).

In the contempt proceedings, the defendant argued that its new device did not infringe the Ransburg patent, because electrostatic forces played *either no part, or an insubstantial part,* in its operation. Defendant further argued that similar devices had been used by Ransburg before it made the invention covered by its patent. Holding that the defendant's new device was not an infringement and not a contempt, the Court of Appeals stated, at 395 F. 2d 97:

> "We then come to the conclusion that infringement of Ransburg's patents on the No. 2 system is not avoided by partial dependence upon some other means to achieve atomization of the paint as long as there is *substantial dependence* upon electrostatic forces within the teaching of the patents, as the District Court initially held and we approved. There is no infringement, however, when dependence upon the electrostatic forces to atomize the paint is so *insubstantial and minimal* that it does not exceed the employment of those same forces in the prior art systems."

Thus, in the *Ransburg* case, the Court held that the defendant's new device fell *outside* the minimum scope of the patent as originally determined, and used the prior art not to reconsider the prior determination of minimum scope, but rather to determine whether or not the patent

could be accorded a still broader scope sufficient to cover the new device.

In the instant case, the District Court in its original decision, after full consideration of the prior art, held that what Swift had invented was *apparatus for simultaneously making radioactivity measurements and locating casing collars in a cased well.* The Court of Appeals in its original decision reached the same conclusion, stating at 343 F. 2d 392:

> "* * * Swift was the first to utilize casing collar signals for the purpose of making primary depth measurements separately from, but at the same time and place as, radioactivity measurements as distinguished from secondary measurements made at the surface. It may fairly be stated that *none of the items of prior art* relied upon by McCullough, either individually or collectively, *disclose such a method or apparatus.*"

The apparatus thereupon enjoined was that "for simultaneously making radioactivity measurements and locating casing collars in a cased well as exemplified by W.S.I. Exhibit 10, page 5-A" (R. 4178-9).

In the contempt proceedings, McCullough admitted that its modified device was *apparatus for simultaneously making radioactivity measurements and locating the casing collars in a cased well* (R. 4873). This admission was corroborated—if corroboration were needed—by McCullough's Stroud Affidavit (R. 4148), and by the drawing of its modified apparatus attached to its declaratory judgment complaint (R. 4612). In the instant case, unlike the *Ransburg* case, the modified device was within the scope of the patent as originally judicially determined, and thus there was no occasion to call on the prior art to determine what broader scope the patent might have been accorded.

What McCullough is attempting is, not to use the

prior art to limit any enlargement of the original determination of scope, as was done in the *Ransburg* case, but to get the Court to reconsider and further limit the original determination, even though that determination is perfectly clear, and was made after full consideration of the prior art. This, under the cases above cited, McCullough is not entitled to do.

It is also clear that the *Ransburg* case did not involve colorable variations. McCullough appears to confuse colorable variations with equivalents. While all colorable variations are necessarily equivalents, all equivalents are not colorable variations. There is, by definition, no real or substantial difference between colorable variations; whereas different devices may be equivalent. Reference to the prior art may at times be necessary to determine whether or not two really different devices are equivalent, as in *Ransburg*. However, where the devices have been found to be only colorable variations, as here, "equivalents have no place, and the prior art is available for no purpose." *Eureka Tool Co. v. Wire Rope Appliance Co., supra,* at 675. Summary judgment is then entirely appropriate under the cases already cited.

3. The decision below on the misuse issues involved no new question and is clearly correct.

The facts as to the action of the courts below on the misuse issue are set forth in detail in Section 3 of our Statement of the Case, and in the opinion of the Court of Appeals. Briefly, the facts are that on October 19, 1966, McCullough filed a motion for relief from judgment on grounds of misuse, supported by some 200 pages of briefs and affidavits. On November 29, 1966, the District Court overruled this motion, on the ground that McCullough had failed to state a case of misuse (Memo-

randum, Appendix B of this Brief). McCullough then represented that it had additional evidence of misuse to bring forth, and the Court gave McCullough until December 19 to submit additional affidavits and documents, and a list of witnesses with a summary of what they would testify, in support of any misuse defense. McCullough failed to supply any such additional documents, affidavits, list of witnesses or summaries, either within the time limited or at any time thereafter. On December 21, respondents filed their motion for summary judgment in the contempt proceeding, and for an order precluding McCullough from introducing additional evidence. On January 12, the Court sustained both motions.

On appeal, the Court of Appeals reviewed exhaustively the District Court's decision overruling McCullough's motion for relief from judgment, and affirmed the District Court's decision that no case of misuse was stated (P. App. 10-20). It then considered McCullough's contention that the District Court had erred by deciding the case summarily without allowing McCullough to introduce further evidence on the misuse issue. As to this, it held that it was McCullough's burden to produce its evidence and list of witnesses within the time limited by the Court, that McCullough had shown no valid reason for failing to do so, and that the District Court's entry of summary judgment was fully justified (P. App. 20-21).

We believe that recital of the facts clearly indicates that the decision is correct. In addition, it has broad support in the decided cases.

In *Berger v. Brannan*, 172 F. 2d 241 (10 Cir. 1949), *cert. denied* 337 U. S. 941 (1949), the Secretary of Agriculture sued for treble damages for selling rice at more than the maximum legal price. The Government presented a summary of the overcharges, compiled from documents.

Defendant denied the correctness of the summary, and the District Court gave him 60 days to point out its inaccuracies. The defendant failed to do so within this time, and the Court granted the Government's motion for summary judgment. Affirming this judgment, the Court of Appeals stated at page 243:

> "Since the only issue between the parties was what material data was recorded on appellant's books and since appellee had alleged his Exhibit A correctly reflected all pertinent data, the Court was not required to stand by, permit appellee to rest on its general denial, and await the outcome of an expensive trial, to see whether such a denial was sustained * * * *The Court had power under Rule 16 to require appellant to point out specifically what items in its books were omitted from appellee's Exhibit A. Appellant having failed to do this, there was no real issue of fact in dispute.*"

In *Gifford v. Travelers Protective Association*, 153 F. 2d 209 (9 Cir., 1946), the Court stated at page 210:

> "Where a defendant presents evidence on which it would be entitled to a directed verdict, if believed, and which the plaintiff does not discredit as dishonest, it rests on the plaintiff, in opposing defendant's motion for summary judgment, *at least to specify some opposing evidence which it can adduce, and which might change the result.*"

Additional cases to the same effect are *California Apparel Creators v. Wieder of California*, 162 F. 2d 893 (2 Cir., 1947); *Holcomb v. Aetna Life Insurance Co.*, 255 F. 2d 577 (10 Cir., 1958); *Engel v. Aetna Insurance Co.*, 139 F. 2d 469 (2 Cir., 1943); *Norton v. McShane*, 332 F. 2d 855 (5 Cir., 1964); and *Standard Dredging Corp. v. Inter American Center Authority*, 351 F. 2d 470 (5 Cir., 1965).

4. This case presents no substantial issue under the Due Process clause.

So far as the patent issues in the instant case are concerned, we have shown that there was no genuine issue of material fact to preclude summary judgment under Rule 56. In view of this, Petitioner's attack is really on the Rule itself—a contention that the Due Process clause requires that a party be given a hearing whether there is a genuine issue of fact or not. This Court rejected this contention when it adopted Rule 56 in 1938.

So far as the misuse issues are concerned, we submit that a defendant is not denied due process by a summary judgment entered against it when, after failing to state a case, it has failed to furnish additional information, or show a valid excuse, within the time limited by the court for furnishing such information. This conclusion is at least implicit in all the cases cited under heading 3 above.

The cases cited by McCullough on page 9 of its Petition in support of its contention that the decisions below have deprived it of due process of law are very wide of the mark. *Roberts v. Anderson,* 66 F. 2d 874 (10 Cir., 1933), held that a party was denied due process of law when a court refused to allow him to be represented by the counsel of his choice and forced on him a lawyer appointed by the court. In *Windsor v. McVeigh,* 93 U. S. 274 (1876), this Court held that a defendant was denied due process when, after he had appeared pursuant to a summons in condemnation proceedings, the lower court entered a default judgment against him, because he was a resident of the Confederacy and a rebel. This Court, however, stated explicitly that the period within which the right to be heard must be exercised was subject to regulation by "the rules or orders of the court," and that a defendant

might properly be defaulted if he did not exercise his right "within the period thus prescribed." (93 U. S., at 278.)

CONCLUSION.

We respectfully submit that the Petition herein should be denied.

Respectfully submitted,

RUFUS S. DAY, JR.,
700 Terminal Tower,
Cleveland, Ohio 44113,

ROBERT K. SCHUMACHER,
135 South LaSalle Street,
Chicago, Illinois 60603,

ROBERT J. WOOLSEY,
602 National Bank of Tulsa Building,
Tulsa, Oklahoma 74103,
Attorneys for Respondents.

APPENDIX A.

The Court: We will go on the record now. 4271, Well Surveys and Dresser Industries, Incorporated, versus McCullough Tool Company, and 6467, McCullough Tool Company, etc., versus Dresser Industries, Incorporated, a corporation.

The Court had contemplated having an additional pretrial, and that is what was set, but the more I get into this matter and the more I have studied the whole record, and the more I reflect over the Court's thinking based on the record, it seems to me that any further hearings in this matter may prove more or less useless. I see nothing to be gained except further delay in an already long protracted case. So, I have restudied and regone into this matter based on, first, the Court is going to rule on the motions pending, and in ruling on the motions, as the Court is about to do, I think it will take care of the situation and put us back into another position, and we can go from there.

As I look at this whole matter, and to review where we are, McCullough has filed a separate suit seeking declaratory judgment, that its modified apparatus does not infringe the Swift patent. Then Well Surveys has filed, in the original suit, which is 4271, a motion for order citing McCullough for contempt; a motion for summary judgment in the contempt proceeding; and a motion to dismiss the declaratory judgment action in cause No. 6467. Then McCullough filed a motion to dismiss the contempt action in 4271.

Will you all agree that is where we are on the motions?

Mr. McDermott: Seems to me it is.

Mr. Whann: I believe that is correct, Your Honor.

The Court: The Court has reflected and studied, and

upon consideration of these pleadings, the affidavits and briefs filed in support and opposition thereto, and the record of the former trial which I have gone into, I have decided that these cases can now be determined on the record before me.

When the Court entered the injunction on June 15, 1966, the Court intended to carry out the judgment of the trial court in the former trial, that was the intent of the Court, which judgment was affirmed by the Court of Appeals of the Tenth Circuit, and that Circuit was affirmed by a certiorari being denied by the Supreme Court, and the purpose of the Court was at that time to enter an injunction in the usual form against further infringement of the Swift patent. That was the intent of the Court.

At the hearing on the injunction, this Court refused to specifically exclude therefrom the modified apparatus of McCullough because it was not known at that time whether it infringed the Swift patent. So, I asked all of you and you agreed and we did delete, I think, the last sentence specifically.

The injunction issued prohibited McCullough from manufacturing or selling apparatus for simultaneously making radioactivity measurements and locating the casing collars in a cased well as exemplified by Well Surveys exhibit number 10.

Now, the question is, "From all the pleadings and from all the record, does McCullough's modified apparatus infringe the Swift patent?"

In both the Swift apparatus and the original McCullough apparatus, the casing collar signal and the radiation detector signal were applied to the same subsurface amplifier, which amplify both signals, and the two signals were then applied to the well logging cable for transmission to the surface. The only difference in the McCullough

modified apparatus is that separate amplifiers are used to amplify the resultant signals, and the signals are not combined in a common amplifier, but combined when the casing collar signals are applied directly to the cable. The signals remain combined until they reach the surface where they are simultaneously recorded to provide a log in which the radiation measurements are accurately correlated with depth by the casing collar record.

McCullough contended at the former trial and before the Circuit Court that its device did not infringe Swift because that device had a different combination of parts and a different mode of operation than the Swift patented device. Now, in that particular instance, and at that trial, and on appeal, the Circuit Court held: "It is obvious from the record that the accused device does the same work in substantially the same way to accomplish substantially the same result as the device disclosed in Swift. Thus, the findings of infringement of the Swift patent are not clearly erroneous."

I am of the opinion that the record here discloses that this language applies to the modified device, that is, it does the same work in substantially the same way to accomplish substantially the same result as the Swift device.

The Court feels that the modified apparatus comes within the scope of the claims in the Swift patent.

McCullough refers in its briefs and affidavits to five changes which it contends differentiate its modified apparatus from the Swift invention.

The first two changes are that both signals are not fed into a common amplifier and the combined signals then introduced to the conductor leading to the surface. As I read claims one, two, five and six, the language thereof does not limit the Swift device to the use of a common amplifier.

In claimed changes three, four and five, McCullough contends its new apparatus differs from the Swift in that the two signals are independent of, and have no effect on, each other, and that the casing collar locater does not interrupt any signal of radioactivity. These differences were features of the original McCullough apparatus, and were found by the trial court not to be distinguishing features from the Swift claims.

So, the ultimate issue, as the Court sees it, the ultimate issue to be determined, is whether or not the modified apparatus of McCullough is an infringement of the Swift patent. McCullough has admitted in its affidavits and in open court that its new device is for simultaneously making radioactivity measurements and locating the casing collars in a cased well, which is the scope of the Swift patent as heretofore determined by this Court. The injunction covered any device which infringed the Swift patents. From the record, it is determined that the McCullough device is only a colorable variation of the Swift patent.

The Court finds that there is no genuine issue of material fact and that plaintiff is entitled to a judgment as a matter of law.

So, in the disposition of this matter by the motions, the Court will, in Civil Action No. 4271, Well Surveys versus McCullough, the motion for order citing McCullough for contempt is sustained. The motion for summary judgment is sustained. The motion of McCullough to dismiss contempt actions is overruled.

In Civil Action 6467, the motion of Dresser Industries to dismiss is sustained, and that cause of action is hereby dismissed.

APPENDIX B.

Memorandum.

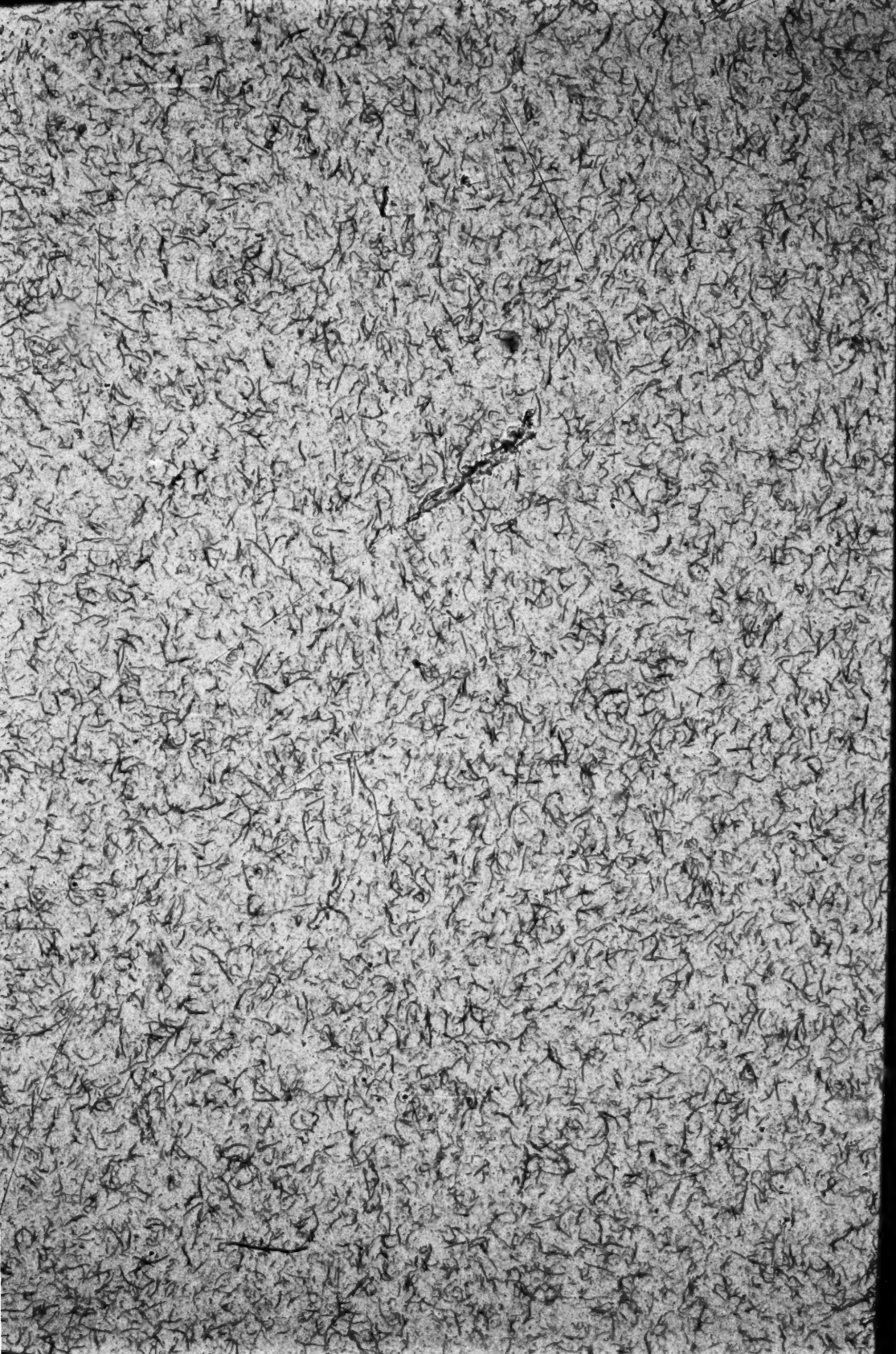
The Court has reviewed defendant's motion for relief from judgment, dissolution of injunction, and vacation of order for accounting, based on misuse of patents, together with the affidavits in support thereof and the briefs filed by both parties, and has concluded that defendant has not stated a case for granting of its motion.

The Court believes that plaintiffs' actions to enforce the Swift Patent, as shown by the affidavits and the moving papers, were perfectly legitimate procedures for the protection of plaintiffs' patent rights and their licensees. When a patentee is receiving a royalty from licensees for use of its patent, it has some obligation to protect them by enforcing its patent against unlicensed competition. There is no showing of any effort on plaintiffs' part to corner the market or improperly extend the monopoly of their patents.

Plaintiffs brought their infringement actions after attempting to find out whether their patents were being infringed. This was difficult to do, as operators would sometimes not give plaintiffs access to their equipment, or inform plaintiffs as to what they were using, and plaintiffs had to proceed on the best information available. Even though plaintiffs were sometimes in doubt as to infringement when they filed suit, and later dismissed the action as to some patents, the Court believes that, under the circumstances, bringing suit, rather than merely threatening to do so, was the proper way to find out whether there was in fact infringement.

Defendant's motion is overruled.

Filed January 13 1967.



LIBRARY
PREME COURT. U. S.

Office-Supreme Court, U.S.
FILED
SEP 27 1968
JOHN F. DAVIS, CLERK

IN THE

Supreme Court of the United States

October Term, 1968
No. 406

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.), and DRESSER INDUSTRIES, INC.,
Respondents.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

DRESSER INDUSTRIES, INC.,
Respondent.

Reply Brief in Support of Petition for Writ of Certiorari.

R. WELTON WHANN,
315 West Ninth Street,
Los Angeles, Calif. 90015,
Attorney for Petitioner.

Of Counsel:
EDWARD S. IRONS,
1000 Connecticut Avenue,
Washington, D.C. 20036.

Parker & Son, Inc., Law Printers, Los Angeles. Phone MA. 6-9171.

SUBJECT INDEX

	Page
Reply Brief in Support of Petition for Writ of Certiorari	1
Conclusion	8

TABLE OF AUTHORITIES CITED

Cases

	Page
Borg-Wagner Corp. v. Paragon Gear Works, Inc., 355 F. 2d 400	5
Casco Products Corp. v. Sinko Tool and Mfg. Co., 116 F. 2d 119	2
Graham v. John Deere Co., 383 U.S. 1	3
Graver Mfg. Co. v. Linde Co., 336 U.S. 271	2
Graver Mfg. Co. v. Linde Co., 339 U.S. 605	2, 3
Halliburton Co. v. Walker, 329 U.S. 1	4
Kenyon v. Automatic Instrument Co., 186 F. 2d 752	2
Kiwi Coders Corp. v. Acro Tolo & Die Works, 250 F. 2d 562	7
Krentler-Arnold Co.-Hinge Last Co. v. Leman, 59 F. 2d 702	4
Leman v. Krentler-Arnold Co., 284 U.S. 448	4, 7
Maxon v. Maxon Construction Co., Inc., 158 USPQ 77	2
McCullough Tool Co. v. Well Surveys, Inc., 395 F. 2d 230	6
Ransburg Electro-Coating Corp. v. Ionic Corp., 395 F. 2d 92, 157 USPQ 662	2, 5
Siebring v. Hansen, 346 F. 2d 474	4
Textag Co. v. Hayslip, 192 F. 2d 435	7
Wadsworth Electric Mfg. Co. v. Westinghouse, 71 F. 2d 850	4
Wilson v. Byron Jackson Co., 93 F. 2d 577	7

Statutes

United States Code, Title 35, Sec. 102	7
United States Code, Title 35, Sec. 103	3, 7
United States Code, Title 35, Sec. 112	4
United States Code, Title 35, Sec. 283	3, 5

IN THE

Supreme Court of the United States

October Term, 1968

No. 406

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.), and DRESSER INDUSTRIES, INC.,

Respondents.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

DRESSER INDUSTRIES, INC.,

Respondent.

Reply Brief in Support of Petition for Writ of Certiorari.

For its reply to the "Brief of Respondents in Opposition to Petition for Writ of Certiorari", McCullough Tool Company, Petitioner, represents as follows:[1]

1. As a result of the original infringement litigation, the trial court, on remand, entered an injunction prohibiting Petitioner from making, using, or selling the specific "apparatus" "as exemplified by W.S.I. Exhibit 10, p. 5A", which was the subject of the adjudication. See 395 F. 2d 230 at p. 235. Petitioner obeyed that injunction; Petitioner "following the advice of

[1]Respondent inappropriately devotes a substantial portion of its brief to questions of misuse which are not raised by the Petitioner. These portions of Respondent's brief should be ignored.

counsel, modified its structure to avoid infringement of the Swift Patent". (*Id.* at 232.)

It is that *modified* device—a new device *not* adjudicated in the original infringement litigation—which was before the court in the summary contempt proceeding which resulted in this appeal.

2. This Court has "frequently held that it is the claim which measures the grant to the patentee . . .", *Graver Mfg. Co. v. Linde Co.*, 336 U.S. 271, 277 (1949). And it has emphasized that the infringement is a fact question and hence that "A finding of equivalence is a determination of fact", *Graver Mfg. Co. v. Linde Co.*, 339 U.S. 605, 609 (1951). Also, a party estopped to deny *validity* "is *not* estopped to prove that . . . everything in [the accused] device was taught by the prior art and nothing included therein other than the application of such art *plus ordinary mechanical skill*" "for such proof negatives infringement". *Casco Products Corp. v. Sinko Tool and Mfg. Co.*, 116 F. 2d 119 (7 Cir. 1940). See *Maxon v. Maxon Construction Co., Inc.*, ... F. 2d ..., 158 USPQ 77 (6 Cir. 1968), and *Kenyon v. Automatic Instrument Co.*, 186 F. 2d 752, 755 (6 Cir. 1961).

Thus, in contempt proceedings following successful infringement litigation where the question of *validity* was settled in the prior judgment, and the defendant has adopted a modified device, "consideration must be given to the prior art for it was never intended, of course, that the injunction should prohibit its practice." *Ransburg Electro-Coating Corp. v. Ionic Corp.*, 395 F. 2d 92, 157 USPQ 662 (4 Cir. 1968). Manifestly in such contempt proceedings, as in other cases where

validity is not in issue, the question of infringement thus turns importantly upon the same "basic factual inquiries" as the question of obviousness under 35 U.S.C. 103. Included are factual determinations of "the scope and content of the prior art", of the "differences between the prior art and the claims at issue", and of "the level of ordinary skill in the pertinent art" (*Graham v. John Deere Co.*, 383 U.S. 1 (1966)).

3. In *conflict* with these principles and *all* of the precedent in which they are enunciated, the Tenth Circuit Court of Appeals has held that, as between the parties to a successful infringement litigation, it is *no longer* "the claim which measures the grant to the patentee". *Graver, supra.* Instead, according to the Tenth Circuit, "the grant to the patentee" is measured in such cases by the generalized "scope" of the claims as "conclusively determined between the two parties—in the original infringement suit". Reasoning from this premise, the appellate court has held that an accused contemnor who has adopted a device admittedly different from that adjudicated to infringe has *no* right to introduce evidence on the controlling *factual issue* of whether the patent *claims as issued by the Patent Office* can legally be construed to embrace such modified device—and hence to support an injunction under 35 U.S.C. 283 prohibiting its use.

The Court of Appeals affirmed the trial court's *summary* contempt citation which was posited *not* upon the Swift patent *claims*—but rather upon "the scope of the Swift patent as heretofore determined"—to embrace *all* apparatus "for simultaneously making radio-

active measurements and locating casing collars in a cased well". (R. Br. 23.)[2]

4. The situation is all the more aggravated because the court below, with some justification based on the language of the decisions, purported to find support for its ruling not only in precedent from various of the circuits[3] but also in the opinion of *this* Court in *Leman v. Krentler-Arnold Co.*, 284 U.S. 448 (1932).

---

[2]This functional "scope" determination, in utter disregard for the patent *claims* mandated by 35 U.S.C. 112, results in a judicially created monopoly covering every device in which formation and collars are simultaneously located.

It is in fact a *judicial repudiation* of the rule condemning functional claims announced by this Court in *Halliburton Co. v. Walker*, 329 U.S. 1 (1946). In *Halliburton*, this Court said:

> "Under these circumstances the broadness, ambiguity, and overhanging threat of the functional claim of Walker become apparent. What he claimed in the court below and what he claims here is that his patent bars anyone from using in an oil well any device heretofore or hereafter invented which combined with the Lehr and Wyatt catching and recording echoes from tubing joints with regularity. Just how many different devices there are of various kinds and characters which would serve to emphasize these echoes, we do not know. The Halliburton device, alleged to infringe, employs an electric filter for this purpose. In this age of technological development there may be many other devices beyond our present information or indeed our imagination which will perform that function and yet fit these claims. And unless frightened from the course of experimentation by broad functional claims like these, inventive genius may evolve many more devices to accomplish the same purpose. See *United Carbon Co. v. Binney & Smith Co.*, 317 U.S. 228, 236; *Burr v. Duryee*, 1 Wall. 531, 568; *O'Reilly v. Morse*, 15 How. 62, 112-13. Yet if Walker's blanket claims be valid, no device to clarify echo waves now known or hereafter invented, whether the device be an actual equivalent of Walker's ingredient or not, could be used in a combination such as this, during the life of Walker's patent."

[3]Including *Krentler-Arnold Co.-Hinge Last Co. v. Leman*, 59 F. 2d 702 (1 Cir. 1931); *Wadsworth Electric Mfg. Co. v. Westinghouse*, 71 F. 2d 850 (6 Cir. 1934); and *Siebring v. Hansen*, 346 F. 2d 474 (8 Cir. 1965).

We believe that this conflict is serious and that it warrants early resolution here. As matters now stand, the lower federal courts are at sea with respect to the procedures which may properly be invoked subsequent to successful infringement litigation when the defendant adopts a device different from that which was adjudicated.

Witness the direct conflict between (a) the Tenth Circuit decision below rendered *May* 16, *1968* holding flatly that Petitioner, as an accused contemnor, has *no* right to introduce prior art or any other evidence to show that his new device can*not* fall within the legitimate scope of any of the patent claims and hence of any injunction authorized by 35 U.S.C. 283 and (see Question 2 of the Petition, p. 10) (b) the better reasoned decision of the Fourth Circuit rendered twenty-five days before, on *April* 11, *1968*, *reversing* a finding of contempt "In light of the prior art" to which it said "consideration must be given for it was never intended of course that the injunction should prohibit its practice". *Ransburg Electro-Coating Corp. v. Ionic Corp.*, 395 F. 2d 92 (4 Cir. 1968).[4]

---

[4]The decision below is further premised upon a narrow view of the doctrine of file wrapper estoppel which itself is in conflict with better reasoned authority. Adverting to the first decision in this litigation, reported at 343 F. 2d 381, the First Circuit in *Borg-Warner Corp. v. Paragon Gear Works, Inc.*, 355 F. 2d 400, 405 (1 Cir. 1965), noted the apparent conflict and expressed the belief that "there is no real conflict, except linguistic." The First Circuit then said with obvious logic that it could "think of no reason, and find none suggested in the cases, why the importance and materiality of language in a claim depend upon the particular objection the Patent Office had voiced. A patent may be just as invalid because the description is inadequate as it may be because of the prior art . . . and the examiner is as much within his rights in making one type of objection as another. . . ." "If an applicant

(This footnote is continued on the next page)

5. Following the lead of the appellate court (see 395 F. 2d 230 at 234), Respondent makes the bold statement "that the question of infringement . . . had already been determined in the district court of the court of appeals in the original infringement case." (R. Br. 10.) Obviously this cannot be. The only infringement which could have been determined in the original case was with regard to a particular structure before the court in that case. It would have been impossible for the court to make a determination as to future structures, as to a different mode of operation or non-equivalency of future structures, or as to additional prior art which might be pertinent in view of the differences between such future structures and the specific device with respect to which the question of infringement was adjudicated.

On these issues, the trial judge acknowledged the *"five changes"* in the "modified apparatus" by which Petitioner's affidavits differentiated it from the Swift invention. (R. Br. 22, 23.) He reached the conclusion that irrespective of these changes there was no infringement. Again, he posited his conclusion on "the scope of the Swift patent as heretofore determined"

---

who accedes to a demand based on the prior art is thereafter estopped to contest its necessity, he should equally be estopped to deny the correctness of a demand for which some other reason is given. To a party examining the file to determine the true scope of what has been granted, and finding something affirmatively disclaimed, it should make no difference what was the purpose of the disclaimer." (355 F. 2d 400 at 406) But the First Circuit's belief was not at all well-founded, as evidenced by the dogmatic perpetuation below of the narrow concept of file wrapper estoppel espoused in the first McCullough case and reiterated again in the contempt proceeding in part to justify the refusal to hear evidence. See *McCullough Tool Co. v. Well Surveys, Inc.*, 395 F. 2d 230 at 235 where the file wrapper estoppel ruling from the first decision is quoted.

plus Petitioner's candid admission in the affidavits and in open court that, in terms of function, its new device is "for simultaneously making radioactivity measurements and locating casing collars in a cased well". (R. Br. 23.) It was on *this basis* that both courts below denied Petitioner an opportunity to prove *non-infringement*—admittedly the issue "primarily" before the court (R. Br. 8)—by the presentation of evidence to show nonequivalency, different mode of operation, aggregation, file wrapper estoppel, and, of particular significance, to show that the Swift patent, if construed to embrace the modified device, does not describe an "invention" which responds to the constitutional standard in part enunciated by the conditions for patentability recited in 35 U.S.C. 102 and 103.

Respondent argues (R. Br. 8) that finding of contempt may be made summarily. If this is intended as an argument that contempt can be decided without McCullough having its day in court, then it is an erroneous statement. Respondent cites four cases: *Leman v. Krentler-Arnold Co.*, 284 U.S. 448; *Textag Co. v. Hayslip* (C.A. 5, 1951), 192 F. 2d 435; *Wilson v. Byron Jackson Co.* (C.A. 9, 1937), 93 F. 2d 577; and *Kiwi Coders Corp. v. Acro Tool & Die Works* (C.A. 7, 1957), 250 F. 2d 562. In all of these cases their records clearly show there was an adequate hearing.

Respondent says (R. Br. 7) that on January 12, 1967 the Court indicated that it had studied the memoranda as well as pleadings and affidavits and had "decided that these cases can now be determined on the Record before me". The fact is that there was no record before the Court on the issues of fact on which Petitioner proposed to introduce evidence. There was

the Affidavit which went into detail in pointing out essential differences in Petitioner's new structure—and which the Trial Court summarily dismissed—but there was no additional evidence of the nature which Petitioner proposed to introduce which would substantiate non-infringement.

The decision below thus conflicts directly with the fundamental law which guarantees every party not only notice of a hearing but also the opportunity to be heard. See the Petition, pages 9-10.

Conclusion.

The Petition should be granted.

Dated: September 26, 1968.

Respectfully submitted,

R. WELTON WHANN,
Attorney for Petitioner.

Of Counsel:
EDWARD S. IRONS.

SUPREME COURT, U. S.
FILED
OCT 6 1968

In the Supreme Court of the United States

OCTOBER TERM, 1968.

No. 406.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.) and DRESSER INDUSTRIES, INC.,

Respondents.

McCULLOUGH TOOL COMPANY,

Petitioner,

vs.

DRESSER INDUSTRIES, INC.,

Respondent.

SUPPLEMENTAL BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

RUFUS S. DAY, JR.,
1800 Union Commerce Building,
Cleveland, Ohio 44115,

ROBERT K. SCHUMACHER,
135 South LaSalle Street,
Chicago, Illinois 60603,

ROBERT J. WOOLSEY,
602 National Bank of Tulsa Building,
Tulsa, Oklahoma 74103,

Attorneys for Respondents.

THE GATES LEGAL PUBLISHING CO., CLEVELAND, OHIO—TEL. (216) 621-5647

In the Supreme Court of the United States

OCTOBER TERM, 1968.

No. 406.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

WELL SURVEYS, INC. (now by change of name DRESSER SIE, INC.) and DRESSER INDUSTRIES, INC.,
Respondents.

McCULLOUGH TOOL COMPANY,
Petitioner,

vs.

DRESSER INDUSTRIES, INC.,
Respondent.

SUPPLEMENTAL BRIEF OF RESPONDENTS IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

We file this Supplemental Brief to correct erroneous statements in Petitioner's Reply Brief as to the decision of the trial judge.

On page 6 of its Reply Brief Petitioner states that the trial court acknowledged that Petitioner's altered apparatus included "five changes," but that the court then ignored the claims of the patent and found that "irrespective of these changes there was no infringement." The word "no" is clearly in error, or Petitioner would find nothing to complain of. The rest of the statement is also incorrect.

Far from acknowledging "five changes," the trial court found that three of the alleged changes involved absolutely no change from the original apparatus already

found to infringe. As to the other two "changes," the trial court specifically referred to the claims of the patent and found the modified structure within these claims. What the court decided was:

> "The first two changes are that both signals are not fed into a common amplifier and the combined signals then introduced to the conductor leading to the surface. As I read claims one, two, five and six, the language thereof does not limit the Swift device to the use of a common amplifier."
>
> "In claimed changes three, four and five, McCullough contends its new apparatus differs from the Swift in that the two signals are independent of, and have no effect on, each other, and that the casing collar locator does not interrupt any signal of radioactivity. These differences were features of the original McCullough apparatus, and were found by the trial court not to be distinguishing features from the Swift claims." R. 4952-3, printed in Appendix A to Brief of Respondents, pp. 22-23.

Thereafter, the trial court referred to the injunction and found that the new McCullough device was but a "colorable variation," i.e., not substantially different, and was within the terms of the injunction.

Respectfully submitted,

RUFUS S. DAY, JR.,
1800 Union Commerce Building,
Cleveland, Ohio 44115,

ROBERT K. SCHUMACHER,
135 South LaSalle Street,
Chicago, Illinois 60603,

ROBERT J. WOOLSEY,
602 National Bank of Tulsa Building,
Tulsa, Oklahoma 74103,

Attorneys for Respondents.